

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

FORM 10Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 1996

Commission File Number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION  
Exact Name of Registrant.

UTAH

87-0345941

-----  
(State or other jurisdiction  
of incorporation or organization)

-----  
IRS Identification  
Number

5300 South 360 West, Salt Lake City, Utah

84123

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including Area Code (801) 264-1060

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, net of treasury stock, as of the close of the period covered by this report.

Class A Common Stock, \$2.00 par value 3,256,905

-----  
Title of Class

-----  
Number of Shares  
Outstanding as of  
June 30, 1996

Class C Common Stock, \$.40 par value

2,354,791

-----  
Title of Class

-----  
Number of Shares  
Outstanding as of  
June 30, 1996

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
FORM 10Q

QUARTER ENDED JUNE 30, 1996

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SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS

	Six Months Ended June 30, 1996 (Unaudited)	Ended June 30, 1995 (Unaudited)	Three Months Ended June 30, 1996 (Unaudited)	Ended June 30, 1995 (Unaudited)
	-----	-----	-----	-----
<b>REVENUES:</b>				
Insurance premiums and other considerations	\$ 2,972,085	\$ 2,953,272	\$1,445,455	\$1,459,922
Net investment income	3,865,189	3,215,504	1,942,126	1,535,925
Net mortuary and cemetery sales	4,294,942	3,859,447	2,153,830	2,310,127
Realized gains on investments and other assets	(26,024)	544	(31,922)	(970)
Mortgage fee income	4,481,704	1,194,823	1,962,344	878,394
Other	42,957	38,355	11,429	(68,322)
	-----	-----	-----	-----
Total Revenues	\$15,630,853	\$11,261,945	\$7,483,262	\$6,115,076
<b>BENEFITS AND EXPENSES:</b>				
Death benefits	1,022,159	1,034,684	524,800	521,513
Surrenders and other policy benefits	2,121,683	1,240,360	1,147,589	519,148
Increase in future policy benefits	133,006	695,941	(243,325)	373,509
Amortization of deferred policy acquisition costs and cost of insurance acquired	645,122	501,126	400,855	271,243
General and administrative expenses:				
Commissions	3,005,000	1,349,070	1,420,000	866,857
Salaries	2,402,790	1,591,656	1,319,971	849,996
Other	3,673,707	2,143,731	1,683,929	1,043,657
Interest expense	763,632	505,972	359,148	286,205
Cost of goods and services sold of the mortuaries and cemeteries	1,200,305	1,130,901	611,569	669,756
	-----	-----	-----	-----
Total benefits and expenses	14,967,404	10,193,441	7,224,536	5,401,884
	-----	-----	-----	-----
Earnings before income taxes	663,449	1,068,504	258,726	713,192
Income tax expense	(186,045)	(273,900)	(72,552)	(181,935)
	-----	-----	-----	-----
Net earnings	\$ 477,404	\$ 794,604	\$ 186,174	\$ 531,257
	=====	=====	=====	=====
Earnings per share	\$0.13	\$0.24	\$0.05	\$0.16
	=====	=====	=====	=====
Weighted average outstanding common shares	3,816,832	3,322,310	3,816,832	3,322,310
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	June 30, 1996 (Unaudited)	December 31, 1995
	-----	-----
Assets:		
Investments:		
Fixed maturity securities		
held to maturity, at		
amortized cost	\$48,037,286	\$51,143,361
Equity securities		
available for sale, at market	4,416,859	4,556,565
Mortgage loans on real estate	11,890,019	10,434,844
Real estate, net of accumulated		
depreciation	7,594,326	7,669,296
Policy loans	3,018,479	3,007,596
Other loans	348,515	294,165
Short-term investments	3,860,863	722,593
Total insurance related		
investments	79,166,347	77,828,420
Restricted assets of cemeteries		
and mortuaries	3,144,120	2,986,658
Cash	6,078,173	7,710,155
Receivables:		
Trade contracts	5,288,049	5,552,888
Mortgage loans sold to investors	8,903,190	19,839,657
Receivable from agents	547,320	471,937
Other	561,227	623,628
	-----	-----
Total receivables	15,299,786	26,488,110
Allowance for doubtful accounts	(2,100,110)	(2,311,450)
	-----	-----
Net receivables	13,199,676	24,176,660
Land and improvements held for sale	8,041,832	7,568,016
Accrued investment income	1,023,805	1,113,945
Deferred policy acquisition costs	4,387,677	4,509,974
Property, plant and equipment, net	6,412,656	6,432,615
Cost of insurance acquired	3,884,391	4,007,804
Excess of cost over net assets		
of acquired subsidiaries	1,414,870	1,461,025
Other	523,035	417,409
	-----	-----
Total Assets	\$127,276,582	\$138,212,681
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Continued)

	June 30, 1996 (Unaudited)	December 31, 1995
	-----	-----
<b>Liabilities:</b>		
-----		
Future life, annuity, and other benefits	\$77,392,496	\$76,867,685
Line of credit of financing of mortgage loans	3,167,994	14,468,354
Bank loans payable	7,126,581	7,485,391
Notes and contracts payable	4,890,439	5,175,317
Estimated future costs of pre-need sales	6,013,792	6,065,875
Payable to endowment care fund	146,744	12,520
Accounts payable	1,265,057	1,193,859
Other liabilities and accrued expenses	2,130,416	2,402,842
Income taxes	2,808,119	2,622,245
	-----	-----
Total Liabilities	104,941,638	116,294,088
<b>Stockholders' Equity:</b>		
-----		
Common stock:		
Class A: \$2 par value, authorized 10,000,000 shares, issued 3,857,519 shares in 1996 and 3,819,415 shares in 1995	7,715,038	7,638,830
Class C: \$0.40 par value, authorized 7,500,000 shares, issued 2,380,286 shares in 1996 and 2,388,040 shares in 1995	952,114	955,216
	-----	-----
Total common stock	8,667,152	8,594,046
Additional paid-in capital	7,967,851	7,879,578
Unrealized appreciation of investments	262,197	484,629
Retained earnings	7,237,376	6,759,972
Treasury stock at cost (600,614 Class A shares and 25,495 Class C shares in 1996; 600,614 Class A shares and 25,495 Class C shares in 1995, held by affiliated companies)	(1,799,632)	(1,799,632)
	-----	-----
Total Stockholders' Equity	22,334,944	21,918,593
	-----	-----
Total Liabilities and Stockholders' Equity	\$127,276,582	\$138,212,681
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 1996 (Unaudited) -----	1995 (Unaudited) -----
Cash flows from operating activities:		
Net earnings	\$477,404	794,604
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Realized gains on investments and other assets	20,226	(544)
Depreciation	717,017	356,098
Provision for losses on accounts and loans receivable	(211,340)	145,875
Amortization of goodwill, premiums, and discounts	3,364	(868,795)
Income taxes	185,874	273,900
Policy acquisition costs deferred	(399,394)	(335,291)
Policy acquisition costs amortized	521,691	501,126
Cost of insurance acquired amortized	123,413	26,370
Change in assets and liabilities:		
Land and improvements held for sale	(473,816)	(1,199,233)
Future life and other benefits	1,435,139	1,256,738
Receivables for mortgage loans sold	10,936,467	--
Other operating assets and liabilities	100,347	608,655
	-----	-----
Net cash provided by operating activities	13,436,392	1,559,503
Cash flows from investing activities:		
Securities held to maturity:		
Purchase of fixed maturity securities	(300,752)	--
Calls and maturities - fixed maturity securities	3,426,352	778,053
Securities available for sale:		
Purchases - equity securities	(5,980)	66,250
Proceeds from sale of equity securities	101,570	(66,250)
Purchases of short-term investments	(5,176,198)	(1,114,955)
Sales of short-term investments	2,037,928	3,708,180
Purchases of restricted assets	(157,462)	(323,839)
Mortgage, policy, and other loans made	(2,161,220)	(15,080,828)
Payments received for mortgage, policy, and other loans	657,634	9,826,077
Purchases of property, plant, and equipment	(547,921)	(1,866,999)
Purchases of real estate	(87,949)	(331,624)
Purchase of subsidiary net of cash acquired	--	(342,089)
	-----	-----
Net cash used in investing activities	(2,213,998)	(4,748,024)

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Six Months Ended June 30, 1996 (Unaudited) -----	1995 (Unaudited) -----
Cash flows from financing activities:		
Annuity receipts	1,551,084	1,054,465
Annuity withdrawals	(2,461,412)	(1,108,291)
Repayment of bank loans and notes and contracts payable	(686,177)	(676,502)
Proceeds from borrowings on bank loans and notes and contracts payable	42,489	2,971,405
Net decrease in line of credit for financing of mortgage loans	(11,300,360)	(25,652)
	-----	-----
Net cash (used in) provided by financing activities	(12,854,376)	2,215,425
	-----	-----
Net decrease in cash	(1,631,982)	(973,096)
Cash at beginning of year	7,710,155	2,060,876
	-----	-----
Cash at end of year	\$ 6,078,173	\$ 1,087,780
	=====	=====

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
June 30, 1996 and 1995  
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 1995, included in the Company's Annual Report on Form 10-K (file number 0-9341).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS  
Results of Operations

Overview

The Company's operations over the last three years generally reflect four trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies, annuities, and limited pay accident policies; (ii) decreased general and administrative costs as a percentage of revenue through efforts to reduce operating costs and through eliminating unnecessary duplication of costs at acquired companies; (iii) emphasis on high margin cemetery and mortuary business; and (iv) capitalizing on the strong economy in the intermountain west by originating and refinancing mortgage loans.

Three Months Ended June 30, 1996 as Compared to Three Months Ended June 30, 1995

Total revenues have increased by \$1,368,000 (22%), from \$6,115,000 for the three months ended June 30, 1995 as compared to \$7,483,000 for the three months ended June 30, 1996. Contributing to this increase in total revenues was a \$1,084,000 increase in mortgage fee income and a \$406,000 increase in net investment income. Also, mortuary and cemetery sales have decreased by \$156,000, from \$2,310,000 for the second quarter of 1995 to \$2,154,000 for the second quarter of 1996. This decrease in mortuary and cemetery sales was attributable to a decline in sales in the Arizona mortuary division and in the Utah cemetery sales.

Net investment income increased \$406,000 from \$1,536,000 for the second quarter of 1995 to \$1,942,000 for the second quarter of 1996. This increase was attributable to a larger investment base due to the acquisition of Civil Service Employees Life Insurance Company ("CSE Life") and the Company's emphasis on investing its cash and short term investments in higher yielding investments, particularly warehouse lending for mortgage loans.

Mortgage fee income increased by \$1,084,000, from \$878,000 for the second quarter of 1995 to \$1,962,000 for the second quarter of 1996. This increase was the result of a strong economy and increased demand for housing in the intermountain area which has created activity for loan originations.

Total benefits and expenses were \$5,402,000 for the second quarter of 1995, which were 88% of the total revenues of the Company, as compared to \$7,225,000 or 97% of the total revenue of the Company for the second quarter of 1996.



Surrenders and other policy benefits increased by \$628,000, from \$519,000 for the second quarter of 1995 to \$1,147,000 for the second quarter of 1996. This increase was primarily due to the increase in the withdrawals of annuities purchased from Capital Investors Life Insurance Company ("Capital Investors Life") and the additional policies as the result of the acquisition of CSE Life at December 31, 1995. Increase in future policy benefits decreased by \$617,000, from \$374,000 for the second quarter of 1995 to a negative \$243,000 for the second quarter of 1996, due to the release of reserves which offset the increase in withdrawals of Capital Investors Life and the increased number of policies resulting from the acquisition of CSE Life.

Amortization of deferred policy acquisition costs increased by \$130,000, from \$271,000 for the second quarter of 1995 to \$401,000 for the second quarter of 1996. This increase was primarily due to the increased number of policies resulting from the acquisition of CSE Life.

General and administrative expenses increased by \$1,663,000, from \$2,761,000 for the second quarter of 1995 to \$4,424,000 for the second quarter of 1996. This increase was due to the increase in commission expenses, salaries and other expenses.

Commission expense increased by \$553,000, from \$867,000 for the second quarter of 1995 to \$1,420,000 for the second quarter of 1996. This increase was due to a greater number of mortgage loans processed by Security National Mortgage Company. Salaries increased by \$470,000, from \$850,000 for the second quarter of 1995 to \$1,320,000 for the second quarter of 1996. This increase was attributable to the increased number of employees resulting from the increased business operations of Security National Mortgage Company and the acquisition of CSE Life at December 31, 1995.

Other expenses have increased by \$640,000, from \$1,044,000 for the second quarter of 1995 to \$1,684,000 for the second quarter of 1996. This increase was primarily due to the increased business operations of Security National Mortgage and the increased maintenance costs for the Company's facilities.

Interest expenses increased by \$73,000, from \$286,000 for the second quarter of 1995 to \$359,000 for the second quarter of 1996. This increase was primarily due to the greater number of loans advanced through warehouse lending at Security National Mortgage Company and the increased indebtedness resulting from the acquisition of CSE Life.

Cost of goods and services sold for the mortuaries and cemeteries decreased by \$58,000, from \$670,000 for the second quarter of 1995 to \$612,000 for the second quarter of 1996. This decrease was consistent with the decrease in mortuary and cemetery sales.

Six Months Ended June 30, 1996 as Compared to Six Months Ended June 30, 1995

Total revenues increased by \$4,369,000, or 39%, from \$11,262,000 for the six months ended June 30, 1995 as compared to \$15,631,000 for the six months ended June 30, 1996. Contributing to this increase in total revenues was a \$650,000 increase in net investment income, a \$435,000 increase in net mortuary and cemetery sales and a \$3,287,000 increase in mortgage fee income.

Net investment income increased by \$650,000, from \$3,216,000 for the six months ended June 30, 1995 to \$3,866,000 for the six months ended June 30, 1996. This increase was attributable to two factors. First, the Company's emphasis on investing its cash and short-term investments in higher yielding investments, particularly warehouse lending for mortgage loans. Second, the increase was attributable to a larger investment base due to the acquisition of CSE Life.

Net mortuary and cemetery sales increased by \$435,000, from \$3,859,000 as of the six months ended June 30, 1995 to \$4,295,000 for the six months ended June 30, 1996. This increase was primarily related to the acquisition of Greer-Wilson Funeral Home. The acquisition of Greer-Wilson Funeral Home was completed in April 1995, thereby providing additional income for only three months for the period ending June 30, 1995 and six months of additional income for the period ending June 30, 1996.

Mortgage fee income increased by \$3,287,000, from \$1,195,000 for the six months ended June 30, 1995 to \$4,482,000 for the six months ended June 30, 1996. This increase was the result of the strong economy and increased demand for housing in the intermountain area, which has created activity for loan originations.

Total benefits and expenses were \$10,193,000 for the six months ended June 30, 1995, which was 91% of the total revenues of the Company as compared to \$14,967,000 for the six months ended June 30, 1996, or 96% of the total revenues of the Company.

Death benefits, surrenders and other policyholder benefits and increase in future policy benefits increased in the aggregate by \$306,000, from \$2,971,000 for the six months ended June 30, 1995 to \$3,277,000 for the six months ended June 30, 1996. This increase was primarily due to the increase in the withdrawals of annuities purchased from Capital Investors Life and the additional policies as the result of CSE Life.

Amortization of deferred policy acquisition costs increased by \$144,000, from \$501,000 for the six months ended June 30, 1995 to \$645,000 for the six months ended June 30, 1996. This increase was primarily due to the increased number of policies resulting from the acquisition of CSE Life.

General and administrative expenses increased by \$3,997,000, from \$5,084,000 for the six months ended June 30, 1995 to \$9,081,000 for the six months ended June 30, 1996. This increase was due to increases in commissions, salaries and other expenses.

Commission expenses increased by \$1,656,000, from \$1,349,000, for the six months ended June 30, 1995 to \$3,005,000 for the six months ended June 30, 1996. This increase was primarily due to a greater number of mortgage loans processed by Security National Mortgage Company. Salaries increased by \$811,000, from \$1,592,000 for the six months ended June 30, 1995 to \$2,403,000 for the six months ended June 30, 1996. This increase was attributable to the increased number of employees resulting from increased business operations of Security National Mortgage Company and the acquisition of CSE Life. Also contributing to this increase was the additional three months of salaries resulting from the acquisition of Greer-Wilson Funeral Home as of April 1995.

Other expenses increased by \$1,530,000, from \$2,144,000 for the six months ended June 30, 1995 to \$3,674,000 for the six months ended June 30, 1996. This increase was primarily due to the increased business operations of Security National Mortgage and increased maintenance costs for the Company's facilities.

Interest expense increased by \$258,000, from \$506,000 for the six months ended June 30, 1995 to \$764,000 for the six months ended June 30, 1996. This increase was primarily due to the increased activity in the warehouse lending of Security National Mortgage Company and the increased indebtedness resulting from the acquisitions of CSE Life and Greer-Wilson Funeral Home.

Cost of goods and services sold of the mortuaries and cemeteries increased by \$69,000, from \$1,131,000 for the six months ended June 30, 1995 to \$1,200,000 for the six months ended June 30, 1996. This increase was consistent with the increase in mortuary and cemetery sales.

#### Liquidity and Capital Resources

The Company's life insurance subsidiary and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business, from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investments, or sale of other investments. The mortgage subsidiary realizes cash flow from fees generated by originating and refinancing mortgage loans and interest earned on mortgages sold to investors. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities which generally are long-term and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies, the maintenance of existing policies, debt service, and to meet operating expenses.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held to maturity in the portfolio to help in this timing; however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products. The Company's investment philosophy is intended to provide a rate of return which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominately in fixed maturity securities and warehouse mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiary. Bonds owned by the insurance subsidiary amounted to \$48,037,000, at amortized cost as of June 30, 1996 compared to \$51,143,000 at amortized cost as of December 31, 1995. This represents 61% of the total insurance related investments in 1996 as compared to 66% in 1995. Generally all bonds owned by the life insurance subsidiary are rated by the National Association of Insurance Commissioners (NAIC). Under this rating system, there are six categories used for rating bonds. At June 30, 1996, 3.8% (\$1,846,000) and at December 31, 1995, 3.6% (\$1,851,000) of the Company's total investment in bonds were invested in bonds in rating categories three through six which are considered non-investment grade.

Based on preliminary information, the Company plans to hold its fixed income securities, including high-yield securities, in its portfolio to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell short-term investment grade securities before liquidating high-yielding longer term securities.

The Company is subject to risk based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. At December 31, 1995 and 1994, the life subsidiary exceeded the regulatory criteria.

Stockholders' equity as a percent of assets is one measure of capital strength. At June 30, 1996 the Company's ratio increased to 17% up from 16% at December 31, 1995. The mortgage company acts as a warehouse by financing mortgage loans through a warehouse line of credit, and then selling them to investors within 45 days, and repaying the debt. This transaction results in a receivable for mortgage loans sold to investors which are offset by a warehouse line of credit. Computations without this transaction results in the Company's debt to total assets at 10% as of June 30, 1996 and 11% at December 31, 1995 and the Company's equity to total assets to 19% as of June 30, 1996 and 18% at December 31, 1995.

In February 1995, the Company purchased approximately 100 acres of real property (the "property") located in San Diego, California; approximately 35 acres of which will be used for the development of a cemetery. The purchase price of the property was \$1,162,000, \$100,000 of which was paid in cash and the balance of \$1,062,000, together with interest thereon

at the rate of nine percent per annum, to be paid in 12 monthly payments of \$5,000, thereafter in equal monthly payments of \$10,000; however, interest does not accrue on any part of the principal balance until February 3, 1996. A principal payment of \$100,000 was made in December 1995. The Company has obtained approval from the federal government and the California Cemetery Board to operate a cemetery on the property. The development of the cemetery will be financed internally. Initial development of 35 acres to operate as a cemetery is estimated to cost approximately \$560,000.

In March 1995, the Company purchased 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc., ("Greer-Wilson") representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson for a total consideration of \$1,218,000, which included a note to the former owners for \$588,000.

In November 1995, the Company entered into a purchase sale agreement with Myers Mortuary for the sale of the Company's 65% interest in Evergreen Memorial Partnership and the Company's 50% interest in Evergreen Management Corporation. As consideration for the sale of these entities, Myers Mortuary paid \$746,123 in satisfaction of the indebtedness that Evergreen Memorial Partnership owes to the Company. Myers Mortuary has also agreed to pay \$200,000 to the Company in four equal annual installments of \$50,000, beginning as of October 31, 1996. In addition, Myers Mortuary will pay a \$10.00 royalty to the Company for each adult space sold in Evergreen Memorial Park over the next ten years, beginning as of January 1, 1996.

In December 1995, the Company purchased all of the outstanding shares of common stock of Civil Service Employees Life Insurance Company from Civil Service Employees Insurance Company for a total cost of \$5,200,000, which included a promissory note in the amount of \$1,063,000. Interest on the promissory note accrues at 7% per annum. Principal payments are to be made in seven equal annual installments of \$151,857, beginning on December 29, 1996. Accrued interest will be payable annually beginning on December 29, 1996.

At June 30, 1996, \$9,928,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's insurance subsidiary. The life insurance subsidiary cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Part II Other Information:

- Item 1. Legal Proceedings  
NONE
- Item 2. Changes in Securities  
NONE
- Item 3. Defaults Upon Senior Securities  
NONE
- Item 4. Submission of Matters to a Vote of Security Holders  
NONE
- Item 5. Other Information  
NONE
- Item 6. Exhibits and Reports on Form 8-K  
The Company filed a report on Form 8-K with the Securities and Exchange Commission on January 16, 1996. The report supplied information under Section 2 thereof, captioned "Acquisition or Disposition of Assets," which was related to the acquisition of Civil Service Employees Life Insurance Company.

(a)(3) Exhibits

The following Exhibits are filed herewith pursuant to Rule 601 of Regulation S-K or are incorporated by reference to previous filings.

Exhibit

Table No	Document
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(a)(3) Exhibits:

EX-27

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT  
SECURITY NATIONAL FINANCIAL CORPORATION  
Registrant

DATED: August 19, 1996 By: George R. Quist,  
Chairman of the Board,  
President and Chief Executive  
Officer (Principal Executive  
Officer)

DATED: August 19, 1996 By: Scott M. Quist  
First Vice President, General  
Counsel and Treasurer  
(Principal Financial and  
Accounting Officer)





6-MOS  
DEC-31-1995  
JUN-30-1996  
0  
48,037,286  
0  
4,416,859  
11,890,019  
7,594,326  
79,166,347  
6,078,173  
0  
4,387,677  
127,276,582  
74,978,090  
0  
555,978  
1,858,428  
15,185,014  
8,667,152  
0  
0  
13,667,792  
127,276,582  
2,972,085  
3,865,189  
(26,024)  
8,819,603  
3,276,848  
645,122  
0  
663,449  
186,045  
477,404  
0  
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477,404  
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