

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

FORM 10-Q

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

For Quarter Ended June 30, 2003

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 Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such 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, as of the latest practicable date.

|  |  |
|--|--|
| Class A Common Stock, \$2.00 par value | 4,707,153  |
| -----<br>Title of Class                | -----<br>Number of Shares Outstanding as of<br>June 30, 2003 |
| Class C Common Stock, \$.20 par value  | 6,103,703  |
| -----<br>Title of Class                | -----<br>Number of Shares Outstanding as of<br>June 30, 2003 |

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
FORM 10-Q

QUARTER ENDED JUNE 30, 2003

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SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF EARNINGS  
(Unaudited)

|   | Six Months Ended<br>June 30, |             | Three Months Ended<br>June 30, |             |
|---|------------------------------|-------------|--------------------------------|-------------|
|   | 2003                         | 2002        | 2003                           | 2002        |
| Revenues:   |                              |             |                                |             |
| -----   |                              |             |                                |             |
| Insurance premiums and other considerations   | \$11,590,095                 | \$6,692,209 | \$5,725,668                    | \$3,369,453 |
| Net investment income   | 8,365,540                    | 5,451,638   | 4,445,168                      | 2,527,873   |
| Net mortuary and cemetery sales   | 5,295,245                    | 5,539,033   | 2,710,389                      | 2,810,770   |
| Realized gains on investments and other assets                                      | --                           | 718,816     | --                             | (601)       |
| Mortgage fee income   | 52,912,149                   | 18,840,224  | 31,156,229                     | 8,974,233   |
| Other   | 183,425                      | 308,967     | 59,303                         | 267,620     |
|   | 78,346,454                   | 37,550,887  | 44,096,757                     | 17,949,348  |
| Benefits and expenses:  |                              |             |                                |             |
| Death benefits  | 7,043,060                    | 2,973,101   | 3,224,741                      | 1,304,431   |
| Surrenders and other policy benefits  | 1,101,092                    | 1,070,100   | 495,936                        | 440,189     |
| Increase in future policy benefits  | 2,807,653                    | 2,059,116   | 1,391,082                      | 1,311,930   |
| Amortization of deferred policy acquisition costs<br>and cost of insurance acquired | 2,268,779                    | 1,768,769   | 1,309,884                      | 934,242     |
| General and administrative expenses:  |                              |             |                                |             |
| Commissions   | 39,220,239                   | 13,962,770  | 23,369,602                     | 6,931,677   |
| Salaries  | 6,957,688                    | 5,383,137   | 3,735,297                      | 2,774,187   |
| Other 10,183,897  | 6,365,369                    | 5,563,786   | 3,054,028                      |             |
| Interest expense  | 1,799,438                    | 522,796     | 975,970                        | 200,443     |
| Cost of goods and services sold<br>of the mortuaries and cemeteries                 | 1,123,738                    | 1,282,793   | 562,871                        | 682,468     |
|   | 72,505,584                   | 35,387,951  | 40,629,169                     | 17,633,595  |
| Earnings before income taxes  | 5,840,870                    | 2,162,936   | 3,467,588                      | 315,753     |
| Income tax expense  | (1,920,227)                  | (530,818)   | (1,252,685)                    | (74,446)    |
| Minority interest (income) loss of subsidiary                                       | (14,406)                     | 14,365      | 6,284                          | 25,315      |
|   | \$3,906,237                  | \$1,646,483 | \$2,221,187                    | \$266,622   |
|   | =====                        | =====       | =====                          | =====       |
| Net earnings per common share   | \$0.74                       | \$ .35      | \$ .42                         | \$ .06      |
|   | =====                        | =====       | =====                          | =====       |
| Weighted average outstanding common shares  | 5,301,245                    | 4,678,817   | 5,317,068                      | 4,680,628   |
|   | =====                        | =====       | =====                          | =====       |
| Net earnings per common share-assuming dilution                                     | \$.71                        | \$.33       | \$.40                          | \$.05       |
|   | =====                        | =====       | =====                          | =====       |
| Weighted average outstanding common shares<br>assuming-dilution                     | 5,514,930                    | 5,011,394   | 5,537,942                      | 5,024,915   |
|   | =====                        | =====       | =====                          | =====       |

See accompanying notes to consolidated financial statements

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

|   | June 30, 2003<br>(Unaudited) | December 31,<br>2002 |
|---|------------------------------|----------------------|
|   | -----                        | -----                |
| Assets:   |                              |                      |
| - - - - -   |                              |                      |
| Insurance-related investments:  |                              |                      |
| Fixed maturity securities held<br>to maturity, at amortized cost          | \$35,422,326                 | \$33,015,097         |
| Fixed maturity securities available<br>for sale, at market                | 18,423,272                   | 18,514,943           |
| Equity securities available for sale,<br>at market                        | 3,015,675                    | 2,642,093            |
| Mortgage loans on real estate   | 22,798,053                   | 21,016,008           |
| Real estate, net of accumulated<br>depreciation and allowances for losses | 9,301,555                    | 9,331,248            |
| Policy, student and other loans   | 10,927,977                   | 10,974,165           |
| Short-term investments  | 3,108,127                    | 5,335,478            |
|   | -----                        | -----                |
| Total insurance-related<br>investments                                    | 102,996,985                  | 100,829,032          |
|   | -----                        | -----                |
| Restricted assets of cemeteries and mortuaries                            | 5,308,761                    | 5,332,736            |
|   | -----                        | -----                |
| Cash  | 5,392,385                    | 38,199,041           |
|   | -----                        | -----                |
| Receivables:  |                              |                      |
| Trade contracts   | 17,119,581                   | 11,358,027           |
| Mortgage loans sold to investors  | 128,615,874                  | 89,455,105           |
| Receivable from agents  | 1,604,576                    | 2,054,071            |
| Receivable from officers  | 55,290                       | 70,290               |
| Other   | 1,690,646                    | 1,131,977            |
|   | -----                        | -----                |
| Total receivables   | 149,085,967                  | 104,069,470          |
| Allowance for doubtful accounts   | (3,975,375)                  | (2,385,309)          |
|   | -----                        | -----                |
| Net receivables   | 145,110,592                  | 101,684,161          |
|   | -----                        | -----                |
| Policyholder accounts on deposit<br>with reinsurer                        | 6,877,703                    | 6,955,691            |
| Land and improvements held for sale                                       | 8,528,444                    | 8,429,215            |
| Accrued investment income   | 1,050,951                    | 928,287              |
| Deferred policy and pre-need acquisition costs                            | 16,752,198                   | 15,917,257           |
| Property, plant and equipment, net  | 10,789,793                   | 10,921,635           |
| Cost of insurance acquired  | 15,488,104                   | 16,330,711           |
| Excess of cost over net assets<br>of acquired subsidiaries                | 683,191                      | 683,191              |
| Other   | 759,359                      | 945,805              |
|   | -----                        | -----                |
| Total assets  | \$319,738,466                | \$307,156,762        |
|   | =====                        | =====                |

See accompanying notes to consolidated financial statements.

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

|   | June 30, 2003<br>(Unaudited) | December 31,<br>2002 |
|---|------------------------------|----------------------|
| <b>Liabilities:</b>   |                              |                      |
| Future life, annuity, and other policy benefits   | \$217,840,855                | \$215,980,207        |
| Unearned premium reserve  | 1,998,696                    | 1,914,700            |
| Bank loans payable  | 14,872,996                   | 16,113,227           |
| Notes and contracts payable   | 4,694,002                    | 3,160,009            |
| Deferred pre-need cemetery and funeral<br>contracts revenues and estimated future<br>cost of pre-need sales   | 10,323,844                   | 10,002,396           |
| Accounts payable  | 2,221,139                    | 1,553,777            |
| Funds held under reinsurance treaties   | 1,312,974                    | 1,334,964            |
| Other liabilities and accrued expenses  | 15,739,373                   | 10,182,382           |
| Income taxes  | 10,023,961                   | 8,103,882            |
|   | -----                        | -----                |
| Total liabilities   | 279,027,840                  | 268,345,544          |
|   | -----                        | -----                |
| <b>Commitments and Contingencies</b>  | --                           | --                   |
| Minority interest   | 4,073,443                    | 4,297,807            |
|   | -----                        | -----                |
| <b>Stockholders' Equity:</b>  |                              |                      |
| <b>Common stock:</b>  |                              |                      |
| Class A: \$2.00 par value, authorized<br>10,000,000 shares, issued 5,860,369 shares<br>in 2003 and 5,794,492 shares in 2002   | 11,720,739                   | 11,588,984           |
| Class C: \$0.20 par value, authorized<br>7,500,000 shares, issued 6,175,452 shares<br>in 2003 and 6,182,669 shares in 2002  | 1,235,089                    | 1,236,533            |
|   | -----                        | -----                |
| Total common stock  | 12,955,828                   | 12,825,517           |
| Additional paid-in capital  | 11,516,685                   | 11,280,842           |
| Accumulated other comprehensive income<br>(loss) and other items, net of deferred taxes   | (708,569)                    | 1,191,863            |
| Retained earnings   | 15,657,826                   | 11,992,542           |
| Treasury stock at cost ( 1,153,216 Class A<br>shares and 71,749 Class C shares in 2003;<br>1,151,811 Class A shares and 71,749 Class<br>C shares in 2002, held by affiliated companies) | (2,784,587)                  | (2,777,353)          |
|   | -----                        | -----                |
| Total stockholders' equity  | 36,637,183                   | 34,513,411           |
|   | -----                        | -----                |
| Total liabilities and stockholders' equity  | \$319,738,466                | \$307,156,762        |
|   | =====                        | =====                |

See accompanying notes to consolidated financial statements.

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

|  | Six Months Ended June 30,<br>2003 | 2002         |
|--|-----------------------------------|--------------|
|  | ----                              | ----         |
| Cash flows from operating activities:                                  |                                   |              |
| Net cash provided by (used in) operating activities                    | \$(25,866,840)                    | \$7,127,294  |
|  | -----                             | -----        |
| Cash flows from investing activities: Securities held to maturity:     |                                   |              |
| Purchase - fixed maturity securities                                   | (7,580,086)                       | (4,062,931)  |
| Calls and maturities - fixed maturity securities                       | 5,183,815                         | 3,046,980    |
| Securities available for sale:   |                                   |              |
| Calls and maturities - fixed maturity securities                       | 360,000                           | 2,301,497    |
| Purchases of equity securities   | (51,921)                          | (367)        |
| Purchases of short-term investments                                    | (11,648,133)                      | (1,182,397)  |
| Sales of short-term investments  | 13,875,484                        | --           |
| Purchases of restricted assets   | 23,975                            | (193,141)    |
| Mortgage, policy, and other loans made                                 | (7,616,206)                       | (652,143)    |
| Payments received for mortgage, real estate, policy, and other loans   | 5,860,877                         | 3,197,227    |
| Purchases of property, plant, and equipment                            | (614,440)                         | (869,642)    |
| Purchases of real estate   | (673,888)                         | (1,409,857)  |
| Sale of real estate  | 477,979                           | --           |
|  | -----                             | -----        |
| Net cash provided by (used in) investing activities                    | (2,402,544)                       | 175,226      |
|  | -----                             | -----        |
| Cash flows from financing activities:                                  |                                   |              |
| Annuity receipts   | 2,951,308                         | 4,345,939    |
| Annuity withdrawals  | (5,290,214)                       | (5,649,206)  |
| Repayment of bank loans and notes and contracts payable                | (2,216,333)                       | (808,626)    |
| Proceeds from borrowings on bank loans and notes and contracts payable | --                                | 186,594      |
| Sale of Treasury Stock   | --                                | 37,824       |
| Other  | 17,967                            | --           |
|  | -----                             | -----        |
| Net cash (used in) provided by financing activities                    | (4,537,272)                       | (1,887,475)  |
|  | -----                             | -----        |
| Net change in cash   | (32,806,656)                      | 5,415,045    |
| Cash at beginning of period  | 38,199,041                        | 8,757,246    |
|  | -----                             | -----        |
| Cash at end of period  | \$5,392,385                       | \$14,172,291 |
|  | =====                             | =====        |

See accompanying notes to consolidated financial statements

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
June 30, 2003, (Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 three and six months ended June 30, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2002, included in the Company's Quarterly Report on Form 10-K (file number 0-9341).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those

estimates.

The estimates susceptible to significant change are those used in determining the liability for future policy benefits and claims, those used in determining valuation allowances for mortgage loans on real estate, and those used in determining the estimated future costs for pre-need sales. Although some variability is inherent in these estimates, management believes the amounts provided are adequate.

## 2. Comprehensive Income

For the six months ended June 30, 2003 and 2002, total comprehensive income amounted to \$2,005,805 and \$1,550,514, respectively.

For the three months ended June 30, 2003 and 2002, total comprehensive income amounted to \$2,306,033 and \$242,703, respectively.

## 3. Stock-Based Compensation

The Company accounts for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation". In accordance with the provisions of SFAS 123, the Company has elected to continue to apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations in accounting for its stock option plans. In accordance with APB Opinion No. 25, no compensation cost has been recognized for these plans. Had compensation cost for these plans been determined based upon the fair value at the grant date consistent with the methodology prescribed under SFAS No. 123, the Company's net earnings would have been reduced by the following:

|   | Six Months Ended June 30, |             |
|---|---------------------------|-------------|
|   | 2003                      | 2002        |
|   | ----                      | ----        |
| Net earnings as reported  | \$3,906,237               | \$1,646,483 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | (133,000)                 | --          |
|   | -----                     | -----       |
| Pro forma net earnings  | \$3,773,237               | \$1,646,483 |
|   | =====                     | =====       |

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
June 30, 2003 (Unaudited)

|                                | Six Months Ended June 30, |        |
|--------------------------------|---------------------------|--------|
|                                | 2003                      | 2002   |
|                                | ----                      | ----   |
| Net earnings per common share: |                           |        |
| Basic - as reported            | \$ .74                    | \$ .35 |
| Basic - pro forma              | \$ .71                    | \$ .35 |
| Diluted - as reported          | \$ .71                    | \$ .33 |
| Diluted - pro forma            | \$ .68                    | \$ .33 |

## 4. Earnings Per Share

In accordance with SFAS 128, the basic and diluted earnings per share amounts were calculated as follows:

|   | Six Months Ended June 30, |             |
|---|---------------------------|-------------|
|   | 2003                      | 2002        |
|   | ----                      | ----        |
| Numerator:  |                           |             |
| Net income  | \$3,906,237               | \$1,646,483 |
|   | =====                     | =====       |
| Denominator:  |                           |             |
| Denominator for basic earnings per share-weighted-average shares                                    | 5,301,245                 | 4,678,817   |
|   | =====                     | =====       |
| Effect of dilutive securities:  |                           |             |
| Employee stock options  | 208,961                   | 304,318     |
| Stock appreciation rights   | 4,724                     | 28,259      |
|   | -----                     | -----       |
| Dilutive potential common shares  | 213,930                   | 332,577     |
|   | -----                     | -----       |
| Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions | 5,514,247                 | 5,011,394   |
|   | =====                     | =====       |
| Basic earnings per share  | \$ .74                    | \$ .35      |
|   | =====                     | =====       |
| Diluted earnings per share  | \$ .71                    | \$ .33      |
|   | =====                     | =====       |

Three Months Ended June 30,  
2003 2002

|   |             |           |
|---|-------------|-----------|
| Numerator:  | -----       | -----     |
| Net income  | \$2,221,187 | \$266,622 |
|   | =====       | =====     |
| Denominator:  |             |           |
| Denominator for basic earnings per share-<br>weighted-average shares                                      | 5,317,068   | 4,680,628 |
|   | -----       | -----     |
| Effect of dilutive securities:  |             |           |
| Employee stock options  | 216,081     | 314,050   |
| Stock appreciation rights   | 4,793       | 30,237    |
|   | -----       | -----     |
| Dilutive potential common shares  | 220,874     | 344,287   |
|   | -----       | -----     |
| Denominator for diluted earnings per<br>share-adjusted weighted-average shares<br>and assumed conversions | 5,537,942   | 5,024,915 |
|   | =====       | =====     |
| Basic earnings per share  | \$ .42      | \$ .06    |
|   | =====       | =====     |
| Diluted earnings per share  | \$ .40      | \$ .05    |
|   | =====       | =====     |



SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
June 30, 2003, (Unaudited)

5. Business Segment

|  | Life<br>Insurance<br>----- | Cemetery/<br>Mortuary<br>----- | Mortgage<br>----- | Reconciling<br>Items<br>----- | Consolidated<br>----- |
|--|----------------------------|--------------------------------|-------------------|-------------------------------|-----------------------|
| For the Six Months Ended<br>June 30, 2003<br>-----   |                            |                                |                   |                               |                       |
| Revenues from<br>external customers                  | \$14,774,646               | \$5,828,578                    | \$57,743,230      | \$ --                         | \$78,346,454          |
| Intersegment revenues                                | 4,715,862                  | --                             | --                | (4,715,862)                   | --                    |
| Segment profit (loss)                                | 603,100                    | (89,628)                       | 5,327,398         | --                            | 5,840,870             |
| Identifiable assets                                  | 304,595,198                | 43,015,895                     | 24,293,368        | (52,165,995)                  | 319,738,466           |
| For the Six Months Ended<br>June 30, 2002<br>-----   |                            |                                |                   |                               |                       |
| Revenues from<br>external customers                  | \$9,761,198                | \$6,751,231                    | \$21,038,458      | \$ --                         | \$37,550,887          |
| Intersegment revenues                                | 2,277,396                  | --                             | --                | (2,277,396)                   | --                    |
| Segment profit (loss)                                | 504,694                    | 1,026,417                      | 631,825           | --                            | 2,162,936             |
| Identifiable assets                                  | 202,337,272                | 40,505,340                     | 5,717,796         | (33,930,211)                  | 214,630,197           |
| For the Three Months Ended<br>June 30, 2003<br>----- |                            |                                |                   |                               |                       |
| Revenues from<br>external customers                  | \$7,338,524                | \$2,987,765                    | \$33,770,468      | \$ --                         | \$44,096,757          |
| Intersegment revenues                                | 1,900,134                  | --                             | --                | (1,900,134)                   | --                    |
| Segment profit                                       | 715,561                    | 7,651                          | 2,744,376         | --                            | 3,467,588             |
| For the Three Months Ended<br>June 30, 2002<br>----- |                            |                                |                   |                               |                       |
| Revenues from<br>external customers                  | \$4,887,456                | \$3,062,323                    | \$9,999,569       | \$ --                         | \$17,949,348          |
| Intersegment revenues                                | 1,071,324                  | --                             | --                | (1,071,324)                   | --                    |
| Segment profit                                       | 168,843                    | 55,575                         | 91,335            | --                            | 315,753               |

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
June 30, 2003, (Unaudited)

6. Recent Acquisition

On December 23, 2002, the Company completed an asset purchase transaction with Acadian Life Insurance Company, a Louisiana domiciled life insurance company ("Acadian"), in which it acquired from Acadian \$75,000,000 in assets and \$75,000,000 in insurance reserves through its wholly owned subsidiary, Security National Life Insurance Company, a Utah domiciled life insurance company. The acquired assets consist primarily of approximately 275,000 funeral insurance policies in force in the state of Mississippi. The assets were originally acquired by Acadian from Gulf National Life Insurance Company ("GNLIC") on June 6, 2001, consisting of all of GNLIC's insurance policies in force and in effect on June 1, 2001.

7. Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement is effective for contracts entered into or modified after June 30, 2003, with certain exceptions, and for hedging relationships designated after June 30, 2003. We are currently evaluating the effect that the adoption of SFAS No. 149 will have on our results of operations and financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 requires that certain financial instruments, which under previous guidance may have been accounted for as equity, must now be accounted for as liabilities (or an asset in some circumstances). The financial instruments affected include mandatory redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets and certain obligations that can be settled with shares of stock. This Statement is effective for all such financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We are currently evaluating the effect that the adoption of SFAS No. 150 will have on our results of operations and financial position.

Item 2. Management's Discussion and Analysis

Overview

The Company's operations over the last several years generally reflect three trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies and traditional whole-life products; (ii) emphasis on cemetery and mortuary business; and (iii) capitalizing on lower interest rates by originating and refinancing mortgage loans.

During the six months ended June 30, 2003, Security National Mortgage Company ("SNMC") experienced increases in revenue and expenses due to the increase in loan volume of its operations. SNMC is a mortgage lender incorporated under the laws of the State of Utah. SNMC is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SNMC obtains loans primarily from independent brokers and correspondents. SNMC funds the loans from internal cash flows and lines of credit from financial institutions. SNMC receives fees from the borrowers and other secondary

fees from third party investors who purchase the loans from SNMC. SNMC sells all of its loans to third party investors and does not retain servicing to these loans. SNMC pays the brokers and correspondents a commission for loans that are brokered through SNMC. SNMC originated and sold 9,995 (\$1,462,000,000) and 4,132 (\$587,497,000) loans respectively for the six months ended June 30, 2003 and 2002.

On December 23, 2002, the Company completed an asset purchase transaction with Acadian Life Insurance Company, a Louisiana domiciled life insurance company ("Acadian"), in which it acquired from Acadian \$75,000,000 in assets and \$75,000,000 in insurance reserves through its wholly owned subsidiary, Security National Life Insurance Company, a Utah domiciled life insurance company. The acquired assets consist primarily of approximately 275,000 funeral insurance policies in force in the state of Mississippi. The assets were originally acquired by Acadian from Gulf National Life Insurance Company ("GNLIC") on June 6, 2001, consisting of all of GNLIC's insurance policies in force and in effect on June 1, 2001.

## Results of Operations

### Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Total revenues increased by \$40,795,000, or 108.6%, to \$78,346,000, for the six months ended June 30, 2003, from \$37,551,000 for the six months ended June 30, 2002. Contributing to this increase in total revenues was a \$34,072,000 increase in mortgage fee income, a \$4,898,000 increase in insurance premiums and other considerations, and a \$2,914,000 increase in net investment income.

Insurance premiums and other considerations increased by \$4,898,000, or 73.2%, to \$11,590,000 for the six months ended June 30, 2003, from \$6,692,000 for the comparable period in 2002. This increase was primarily due to the additional insurance premiums from the policies acquired in the asset purchase transaction with Acadian Life.

Net investment income increased by \$2,914,000, or 53.5%, to \$8,366,000 for the six months ended June 30, 2003, from \$5,452,000 for the comparable period in 2002. This increase was primarily attributable to the additional investment income from the assets acquired in the asset purchase transaction with Acadian Life.

Net mortuary and cemetery sales decreased by \$244,000, or 4.4%, to \$5,295,000 for the six months ended June 30, 2003, from \$5,539,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

Realized gains on investments and other assets decreased by \$719,000 or 100%, to \$0 for the six months ended June 30, 2003, from \$719,000 for the comparable period in 2002. This decrease was the result of gains on sale of real estate in 2002.

Mortgage fee income increased by \$34,072,000, or 180.8%, to \$52,912,000 for the six months ended June 30, 2003, from \$18,840,000 for the comparable period in 2002. This increase was primarily attributable to a greater number of loan originations during the six months of 2003 due to lower interest rates resulting in more borrowers refinancing their mortgage loans.

Total benefits and expenses were \$72,506,000, or 92.6%, of total revenues for the six months ended June 30, 2003, as compared to \$35,388,000, or 94.2%, of total revenues for the comparable period in 2002.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of \$4,850,000, or 79.5%, to \$10,952,000 for the six months ended June 30, 2003, from \$6,102,000 for the comparable period in 2002. This increase was primarily due to the additional death benefits, surrenders and other policy benefits from the policies acquired in the asset purchase transaction with Acadian Life.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$500,000, or 28.3%, to \$2,269,000 for the six months ended June 30, 2003, from \$1,769,000 for the comparable period in 2002. This increase was primarily due to the additional amortization of deferred policy acquisition costs and cost of insurance acquired from the additional policies acquired in the asset purchase transaction with Acadian Life.

General and administrative expenses increased by \$30,651,000, or 119.2%, to \$56,362,000 for the six months ended June 30, 2003, from \$25,711,000 for the comparable period in 2002. This increase primarily resulted from an increase in commissions and other expenses due to additional mortgage loan originations having been made by the Company's mortgage subsidiary during the six months of 2003.

Interest expense increased by \$1,277,000, or 244.2%, to \$1,799,000 for the six months ended June 30, 2003, from \$523,000 for the comparable period in 2002. This increase was primarily due to additional warehouse lines of credit required for the additional mortgage loan originations by the Company's mortgage subsidiary.

Cost of goods and services sold of the mortuaries and cemeteries decreased by \$159,000, or 12.4%, to \$1,124,000 for the six months ended June 30, 2003, from \$1,283,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

#### Second Quarter of 2003 Compared to Second Quarter of 2002

Total revenues increased by \$26,148,000 to \$44,097,000 for the three months ended June 30, 2003, from \$17,949,000 for the three months ended June 30, 2002. Contributing to this increase in total revenues was a \$22,182,000 increase in mortgage fee income, a \$2,357,000 increase in insurance premiums and other considerations, and a \$1,917,000 increase in net investment income.

Insurance premiums and other considerations increased by \$2,357,000, or 69.9%, to \$5,726,000 for the three months ended June 30, 2003, from \$3,369,000 for the comparable period in 2002. This increase was primarily due to the additional insurance premiums from the policies acquired in the asset purchase transaction with Acadian Life.

Net investment income increased by \$1,917,000, or 75.8%, to \$4,445,000 for the three months ended June 30, 2003, from \$2,528,000 for the comparable period in 2002. This increase was primarily attributable to the additional investment income from the assets acquired in the asset purchase transaction with Acadian Life.

Net mortuary and cemetery sales decreased by \$101,000, or 3.6%, to \$2,710,000 for the three months ended June 30, 2003, from \$2,811,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

Mortgage fee income increased by \$22,182,000, or 247.2%, to \$31,156,000 for the three months ended June 30, 2003, from \$8,974,000 for the comparable period in 2002. This increase was primarily attributable to a greater number of loan originations during the second quarter of 2003, due to lower interest rates resulting in more borrowers refinancing their mortgage loans.

Total benefits and expenses were \$40,629,000, or 92.1%, of total revenues for the three months ended June 30 2003, as compared to \$17,634,000, or 98.3%, of total revenues for the comparable period in 2002.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits decreased by an aggregate of \$2,055,000, or 67.2%, to \$5,112,000 for the three months ended June 30, 2003, from \$3,057,000 for the comparable period in 2002. This increase was primarily due to the additional death benefits, surrenders and other policy benefits from the policies acquired in the asset purchase transaction with Acadian Life.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$376,000 or 40.2%, to \$1,310,000 for the three months ended June 30, 2003, from \$934,000 for the comparable period in 2002. This increase was primarily due to the additional amortization of deferred policy acquisition costs and cost of insurance acquired from the additional policies acquired in the asset purchase transaction with Acadian Life.

General and administrative expenses increased by \$19,909,000, or 156.0%, to \$32,669,000 for the three months ended June 30, 2003, from \$12,760,000 for the comparable period in 2002. This increase primarily resulted from an increase in commissions and other expenses due to additional mortgage loan originations having been made by the Company's mortgage subsidiary during the second quarter of 2003.

Interest expense increased by \$776,000, or 386.9%, to \$976,000 for the three months ended June 30, 2003, from \$200,000 for the comparable period in 2002. This increase was primarily due to additional warehouse lines of credit required for the additional mortgage loan originations by the Company's mortgage subsidiary.

Cost of goods and services sold of the mortuaries and cemeteries decreased by \$119,000, or 17.5%, to \$563,000 for the three months ended June 30, 2003, from \$682,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

#### Liquidity and Capital Resources

The Company's life insurance subsidiaries 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 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 predominantly in fixed maturity securities, mortgage loans, 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 subsidiaries. Bonds owned by the life insurance subsidiaries amounted to \$53,846,000 as of June 30, 2003, compared to \$51,530,000 as of December 31, 2002. This represents 52% and 51% of the total insurance-related investments as of June 30, 2003, and December 31, 2002, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are six categories used for rating bonds. At June 30, 2003 and December 31, 2002, 3% (\$1,831,000) and 4% (\$1,903,000) of the Company's total investment in bonds were invested in bonds in rating categories three through six, which are considered non-investment grade.

The Company has classified certain of its fixed income securities, including high-yield securities, in its portfolio as available for sale, with the remainder classified as held to maturity. However, in accordance with Company policy, any such securities purchased in the future will be classified as held 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 higher-yielding longer-term securities.

The Company has a substantial portion of its assets invested in cash, short-term investments and mortgage loans sold to investors. If market conditions were to change so that rates for these investments were to drop or if these investments and higher yielding long-term investments were not available, the Company's interest rate spread (excess interest earned over interest credited to policyholders) would be adversely affected and could result in significant decreases in the Company's overall profitability or losses.

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 June 30, 2003, and December 31, 2002, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity and bank debt and notes payable was \$56,204,000 as of June 30, 2003, as compared to \$53,787,000 as of December 31, 2002. Stockholders' equity as a percent of capitalization increased to 65 % as of June 30, 2003, from 64% as of December 31, 2002.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2002 was 10.7% as compared to a rate of 13.2% for 2001. The 2003 lapse rate has been approximately the same as 2002.

At June 30, 2003, \$22,088,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

### Item 3. Quantitative and Qualitative Disclosure of Market Risk

There have been no significant changes since the annual report Form 10-K filed for the year ended December 31, 2002.

### Item 4. Controls and Procedures

The Company's Chief Executive Officer and its Chief Financial Officer (the "Certifying Officers"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have concluded (based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report) that the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) are effective. No significant changes were made in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

## Part II Other Information:

### Item 1. Legal Proceedings

An action was brought against the Company in May 2001, by Glenna Brown Thomas individually and as personal representative of the Estate of Lynn W. Brown in the Third Judicial Court, Salt Lake County, Utah. The action asserts that Memorial Estates delivered to Lynn W. Brown six stock certificates representing 2,000 shares in 1970 and 1971. Mr. Brown died in 1972. It is asserted that at the time the 2,000 shares were issued and outstanding, such represented a 2% ownership of Memorial Estates. It is alleged Mr. Brown was entitled to

preemptive rights and that after the issuance of the stock to Mr. Brown there were further issuances of stock without providing written notice to Mr. Brown or his estate with respect to an opportunity to purchase more stock. It is asserted among other things that the plaintiff "has the right to a transfer of Brown's shares to Thomas on defendants' (which includes Security National Financial Corporation as well as Memorial Estates, Inc.) books and to restoration of Brown's proportion of share ownership in Memorial at the time of his death by issuance and delivery to Thomas of sufficient shares of defendant's publicly traded and unrestricted stock in exchange for the 2,000 shares of Memorial stock and payment of all dividends from the date of Thomas's demand, as required by Article XV of the Articles of Incorporation." Based on present information, the Company intends to vigorously defend the matter, including an assertion that the statute of limitations bars the claims.

An action was brought against Southern Security Life Insurance Company by National Group Underwriters, Inc. ("NGU") in state court in the State of Texas. The case was removed by the Company to the United States District Court for the Northern District of Texas, Fort Worth Division, with Civil No. 4:01-CV-403-E. An Amended Complaint was filed on or about July 18, 2001. The Amended Complaint asserts that NGU had a contract with the Company wherein NGU would submit applications for certain policies of insurance to be issued by the Company. It is alleged that disputes have arisen between NGU and the Company with regard to the calculation and payment of certain advanced commissions as well as certain production bonuses.

NGU alleged that it has been damaged far in excess of the \$75,000 minimum jurisdictional limits of this Court. NGU also seeks attorney's fees and costs as well as prejudgment and postjudgment interest. A second amended complaint and a third amended complaint which included a fraud claim were filed. A motion was filed by the Company to dismiss the third amended complaint, including the fraud claim. The court denied the motion. The Company has counterclaimed for what it claims to be a debit balance owing to it pursuant to the relationship between the parties with said counterclaim seeking a substantial amount from NGU (the amount subject to reduction as premiums are received). The Company is also seeking to recover attorney's fees and costs, as well as punitive damages on three of its causes of action. Certain discovery has taken place. The federal case was dismissed per stipulation. The matter was refiled in Texas state court, Tarrant County, Case No. 348 195490 02. The claims of the respective parties are essentially the same as set forth above which claims against Southern Security Life Insurance Company include fraudulent inducement relative to entering into a contract, fraud, breach of contract, breach of duty of good faith and fair dealing, attorneys' fees and exemplary damages. Further discovery involving the parties is anticipated. The Company intends to vigorously defend the matter as well as prosecute its counterclaim. A trial is presently set for November 2003.

The Company is not a party to any other legal proceedings outside the ordinary course of the Company's business or to any other legal proceedings, which, if adversely determined, would have a material adverse effect on the Company or its business.

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

(a)(3) Exhibits:

3.A. Articles of Restatement of Articles of Incorporation (8)

B. Bylaws (1)

4.A. Specimen Class A Stock Certificate (1)

B. Specimen Class C Stock Certificate (1)

C. Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock (1)

10.A. Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)

B. 1993 Stock Option Plan (3)

C. 2000 Director Stock Option Plan (5)

D.2003 Stock Option Plan (10)

E. Deferred Compensation Agreement with George R. Quist (2)

F. Employment Agreement with Scott M. Quist. (4)

G. Promissory Note with George R. Quist (6)

H. Deferred Compensation Plan (7)

I. Coinsurance Agreement between Security National Life and Acadian (8)

J. Assumption Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)

K. Asset Purchase Agreement between Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)

L. Promissory Note with Key Bank of Utah (9)

M. Loan and Security Agreement with Key Bank of Utah (9)

31.1 Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- (1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987.
- (2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1989.
- (3) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1994.
- (4) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1998.
- (5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed August 29, 2000, relating to the Company's Annual Meeting of Shareholders.
- (6) Incorporated by reference from Annual Report on Form 10-K, as filed on April 16, 2001.
- (7) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002.
- (8) Incorporated by reference from Report on Form 8-K-A as filed on January 8, 2003.
- (9) Incorporated by reference from Annual Report on Form 10-K, as filed on April 15, 2003.
- (10) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed on June 5, 2003, relating to the Company's Annual Meeting of Shareholders.

Subsidiaries of the Registrant

(b) Reports on Form 8-K:

No Current Report on Form 8-K was filed by the Company during the quarter ended June 30, 2003.

SIGNATURES

Pursuant to the requirements of the Securities 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 14, 2003

By: George R. Quist,  
-----  
Chairman of the Board and Chief  
Executive Officer  
(Principal Executive Officer)

DATED: August 14, 2003

By: Stephen M. Sill  
-----  
Vice President, Treasurer and  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

EXHIBIT 31.1  
CERTIFICATION PURSUANT TO  
18 U.S.C. ss. 1350,  
AS ENACTED BY SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, George R. Quist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

By: George R. Quist  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

EXHIBIT 31.2  
CERTIFICATION PURSUANT TO  
18 U.S.C. ss. 1350,  
AS ENACTED BY SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Sill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

By: Stephen M. Sill  
Vice President, Treasurer and  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

EXHIBIT 32.1  
CERTIFICATION PURSUANT TO  
18 U.S.C. ss. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Quist, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

George R. Quist  
Chief Executive Officer  
August 14, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Security National Life Insurance Company and will be retained by Security National Life Insurance Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2  
CERTIFICATION PURSUANT TO  
18 U.S.C. ss. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Sill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Stephen M. Sill  
Chief Financial Officer  
August 14, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Security National Life Insurance Company and will be retained by Security National Life Insurance Company and furnished to the Securities and Exchange Commission or its staff upon request.