UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended June 30, 2015, or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to ________

Commission file number: 000-09341

SECURITY NATIONAL FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

UTAH	**87-0345941**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
5300 South 360 West, Suite 250, Salt Lake City, Utah	**84123**
(Address of principal executive offices)	*(Zip Code)*

(801) 264-1060
(Registrant's telephone number, including area code)

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No[X]

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	12,480,944
Title of Class	Number of Shares Outstanding as of August 14, 2015
Class C Common Stock, $2.00 par value	1,507,561
Title of Class	Number of Shares Outstanding as of August 14, 2015

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED JUNE 30, 2015

TABLE OF CONTENTS

		Page No.
	PART I - FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014 (unaudited)	3-4
	Condensed Consolidated Statements of Earnings for the Three and Six Months Ended June 30, 2015 and 2014 (unaudited)	5
	Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2015 and 2014 (unaudited)	6
	Condensed Consolidated Statements of Stockholders' Equity as of June 30, 2015 and June 30, 2014 (unaudited)	7
	Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014 (unaudited)	8
	Notes to Condensed Consolidated Financial Statements (unaudited)	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	39
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	45
Item 4.	Controls and Procedures	45
	PART II - OTHER INFORMATION	
Item 1.	Legal Proceedings	46
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 3.	Defaults Upon Senior Securities	48
Item 4.	Mine Safety Disclosures	48
Item 5.	Other Information	49
Item 6.	Exhibits	49
	Signature Page	51

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Part I - Financial Information

Item 1. Financial Statements.

Assets	June 30 2015	December 31 2014
Investments:		
Fixed maturity securities, held to maturity, at amortized cost	$ 132,401,008	$ 135,018,347
Equity securities, available for sale, at estimated fair value	7,025,410	6,752,750
Mortgage loans on real estate and construction loans, held for investment net of allowances for loan losses of $1,875,775 and $2,003,055 for 2015 and 2014	110,747,896	120,050,072
Real estate held for investment, net of accumulated depreciation of $11,947,936 and $10,875,419 for 2015 and 2014	114,724,603	111,411,351
Policy and other loans, net of allowances for doubtful accounts of $876,318 and $693,413 for 2015 and 2014	35,487,729	34,125,428
Short-term investments	21,326,531	27,059,495
Accrued investment income	2,360,410	2,483,253
Total investments	424,073,587	436,900,696
Cash and cash equivalents	48,275,362	30,855,320
Mortgage loans sold to investors	105,222,965	67,534,400
Receivables, net	20,725,389	14,544,093
Restricted assets	10,034,301	9,347,797
Cemetery perpetual care trust investments	2,758,752	2,645,423
Receivable from reinsurers	13,300,910	12,036,263
Cemetery land and improvements	10,812,068	10,848,085
Deferred policy and pre-need contract acquisition costs	54,415,118	50,307,503
Mortgage servicing rights, net	9,988,658	7,834,747
Property and equipment, net	11,931,281	11,307,714
Value of business acquired	9,401,709	8,547,627
Goodwill	2,765,570	2,765,570
Other	8,866,421	5,594,324
Total Assets	$ 732,572,091	$ 671,069,562

See accompanying notes to condensed consolidated financial statements.

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

	June 30 2015	December 31 2014
Liabilities and Stockholders' Equity		
Liabilities		
Future life, annuity, and other benefits	$ 511,010,835	$ 476,727,465
Unearned premium reserve	4,835,208	4,961,937
Bank and other loans payable	33,385,571	29,020,378
Deferred pre-need cemetery and mortuary contract revenues	13,036,380	13,242,143
Cemetery perpetual care obligation	3,452,647	3,406,718
Accounts payable	4,440,303	1,789,387
Other liabilities and accrued expenses	32,711,302	24,408,666
Income taxes	24,240,043	20,421,767
Total liabilities	627,112,289	573,978,461
Stockholders' Equity		
Common Stock:		
Class A: common stock - $2.00 par value; 20,000,000 shares authorized; issued 12,473,586 shares in 2015 and 12,459,240 shares in 2014	24,947,172	24,918,480
Class B: non-voting common stock - $1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class C: convertible common stock - $2.00 par value; 2,000,000 shares authorized; issued 1,507,561 shares in 2015 and 1,394,069 shares in 2014	3,015,122	2,788,138
Additional paid-in capital	26,440,822	25,931,119
Accumulated other comprehensive income, net of taxes	3,331,103	1,438,566
Retained earnings	49,816,024	44,101,252
Treasury stock at cost - 934,530 Class A shares in 2015 and 986,264 Class A shares in 2014	(2,090,441)	(2,086,454)
Total stockholders' equity	105,459,802	97,091,101
Total Liabilities and Stockholders' Equity	$ 732,572,091	$ 671,069,562

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Revenues:				
Insurance premiums and other considerations	$ 13,914,894	$ 13,334,986	$ 27,768,409	$ 26,464,433
Net investment income	8,590,673	6,707,287	16,413,517	12,349,787
Net mortuary and cemetery sales	3,017,853	3,446,882	5,890,088	6,277,944
Realized gains on investments and other assets	500,776	339,852	920,840	538,845
Other than temporary impairments on investments	(55,311)	(30,000)	(111,207)	(60,000)
Mortgage fee income	48,730,028	34,773,299	86,551,828	57,310,837
Other	1,341,702	839,424	2,656,772	1,583,160
Total revenues	76,040,615	59,411,730	140,090,247	104,465,006
Benefits and expenses:				
Death benefits	8,116,411	7,082,626	16,044,283	13,758,119
Surrenders and other policy benefits	519,663	627,151	1,173,397	1,142,763
Increase in future policy benefits	4,040,366	4,847,082	8,220,178	9,214,525
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	1,177,854	1,493,293	2,345,353	2,896,935
Selling, general and administrative expenses:				
Commissions	23,207,511	16,185,164	41,773,558	26,746,045
Personnel	15,251,633	11,859,398	29,564,949	23,356,566
Advertising	1,508,426	1,502,045	2,924,716	2,274,058
Rent and rent related	1,929,790	1,456,038	3,814,866	2,799,481
Depreciation on property and equipment	547,387	534,346	1,110,124	1,031,548
Provision for loan losses and loss reserve	2,252,471	571,332	2,919,210	943,425
Costs related to funding mortgage loans	2,412,354	1,911,634	4,595,365	3,209,319
Other	6,982,105	5,857,231	13,067,608	10,453,682
Interest expense	1,374,269	786,248	2,359,615	1,284,112
Cost of goods and services sold-mortuaries and cemeteries	488,423	511,045	946,689	1,001,344
Total benefits and expenses	69,808,663	55,224,633	130,859,911	100,111,922
Earnings before income taxes	6,231,952	4,187,097	9,230,336	4,353,084
Income tax expense	(2,379,673)	(1,563,034)	(3,514,354)	(1,590,173)
Net earnings	$ 3,852,279	$ 2,624,063	$ 5,715,982	$ 2,762,911
Net earnings per Class A Equivalent common share (1)	$ 0.30	$ 0.21	$ 0.44	$ 0.22
Net earnings per Class A Equivalent common share-assuming dilution (1)	$ 0.28	$ 0.20	$ 0.42	$ 0.21
Weighted-average Class A equivalent common share outstanding (1)	13,037,095	12,449,786	12,986,238	12,459,537
Weighted-average Class A equivalent common shares outstanding-assuming dilution (1)	13,595,918	12,897,204	13,532,641	12,914,781

(1) Net earnings per share amounts have been adjusted retroactively for the effect of annual stock dividends.

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Net earnings	$ 3,852,279	$ 2,624,063	$ 5,715,982	$ 2,762,911
Other comprehensive income:				
Net unrealized gains on derivative instruments	766,630	484,704	2,286,653	762,934
Net unrealized gains (losses) on available for sale securities	(165,860)	122,161	(394,116)	160,066
Other comprehensive income	600,770	606,865	1,892,537	923,000
Comprehensive income	$ 4,453,049	$ 3,230,928	$ 7,608,519	$ 3,685,911

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2013	$ 23,614,574	$ 2,660,382	$ 23,215,875	$ 1,218,396	$ 39,666,587	$ (2,624,625)	$ 87,751,189
Net earnings	-	-	-	-	2,762,911	-	2,762,911
Other comprehensive income	-	-	-	923,000	-	-	923,000
Grant of stock options	-	-	128,526	-	-	-	128,526
Exercise of stock options	69,910	-	(19,611)	-	-	-	50,299
Sale of treasury stock	-	-	147,542	-	-	243,590	391,132
Stock Dividends	3,446	(1)	4,910	-	(8,355)	-	-
Conversion Class C to Class A	1,778	(1,776)	(2)	-	-	-	-
Balance at June 30, 2014	$ 23,689,708	$ 2,658,605	$ 23,477,240	$ 2,141,396	$ 42,421,143	$ (2,381,035)	$ 92,007,057
Balance at December 31, 2014	$ 24,918,480	$ 2,788,138	$ 25,931,119	$ 1,438,566	$ 44,101,252	$ (2,086,454)	$ 97,091,101
Net earnings	-	-	-	-	5,715,982	-	5,715,982
Other comprehensive income	-	-	-	1,892,537	-	-	1,892,537
Grant of stock options	-	-	211,476	-	-	-	211,476
Exercise of stock options	27,148	228,046	6,366	-	-	(244,009)	17,551
Sale of treasury stock	-	-	291,133	-	-	240,022	531,155
Stock Dividends	480	2	728	-	(1,210)	-	-
Conversion Class C to Class A	1,064	(1,064)	-	-	-	-	-
Balance at June 30, 2015	$ 24,947,172	$ 3,015,122	$ 26,440,822	$ 3,331,103	$ 49,816,024	$ (2,090,441)	$ 105,459,802

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30	
	2015	2014
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	$ (18,837,963)	$ 40,505,997
Cash flows from investing activities:		
Securities held to maturity:		
Purchase-fixed maturity securities	(5,890,324)	(362,817)
Calls and maturities - fixed maturity securities	8,590,035	4,769,126
Securities available for sale:		
Purchase - equity securities	(2,285,429)	(4,339,038)
Sales - equity securities	1,570,539	1,714,695
Purchase of short-term investments	(26,379,029)	(10,206,586)
Sales of short-term investments	32,111,993	2,074,245
Purchases of restricted assets	(688,872)	(200,415)
Changes in assets for perpetual care trusts	(168,603)	(120,398)
Amount received for perpetual care trusts	45,929	66,077
Mortgage, policy, and other loans made	(180,978,933)	(118,680,888)
Payments received for mortgage, policy and other loans	186,813,832	91,321,359
Purchase of property and equipment	(1,733,693)	(733,243)
Sale of property and equipment	2,000	-
Purchase of real estate	(7,053,011)	(3,871,169)
Sale of real estate	4,973,199	2,332,579
Cash received from reinsurance	24,020,215	7,304,993
Cash paid for purchase of subsidiaries, net of cash acquired	-	(15,011,193)
Net cash provided by (used in) investing activities	32,949,848	(43,942,673)
Cash flows from financing activities:		
Annuity contract receipts	5,244,513	5,037,585
Annuity contract withdrawals	(6,327,811)	(7,503,928)
Proceeds from stock options exercised	17,551	50,299
Repayment of bank loans on notes and contracts	(1,208,965)	(1,174,015)
Proceeds from borrowing on bank loans	5,582,869	30,159
Net cash provided by (used in) financing activities	3,308,157	(3,559,900)
Net change in cash and cash equivalents	17,420,042	(6,996,576)
Cash and cash equivalents at beginning of period	30,855,320	38,203,164
Cash and cash equivalents at end of period	$ 48,275,362	$ 31,206,588
Non Cash Investing and Financing Activities		
Mortgage loans foreclosed into real estate	$ 2,389,330	$ 886,576

See accompanying notes to condensed consolidated financial statements.

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 Articles 8 and 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended December 31, 2014, included in the Company's Annual Report on Form 10-K (file number 000-09341). 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, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

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 construction loans held for investment, those used in determining loan loss reserve, 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 fairly stated in all material respects.

2) Recent Accounting Pronouncements

Accounting Standards Update ("ASU") No. 2014-11: "Transfers and Servicing - Repurchase to Maturity Transactions, Repurchase Financings, and Disclosures (Topic 860)" – Issued in June 2014, ASU 2014-11 aligns the accounting for repurchase to maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. Going forward, these transactions would all be accounted for as secured borrowings. The new authoritative guidance is effective for the first interim or annual period beginning after December 15, 2014. In addition the disclosure of certain transactions accounted for as a sale is effective for the first interim or annual period beginning on or after December 15, 2014, and the disclosure for transactions accounted for as secured borrowings is required for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. Early adoption is prohibited. This new guidance has not and will not have a significant impact on the Company's results of operations or financial position.

ASU No. 2014-09: "Revenue from Contracts with Customers (Topic 606)" - Issued in May 2014, ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition", and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Insurance contracts are excluded from the scope of this new guidance. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2017. The Company is in the process of evaluating the potential impact of this standard, which is not expected to be material to the Company's results of operations or financial position.

The Company has reviewed other recent accounting pronouncements and has determined that they will not significantly impact the Company's results of operations or financial position.

3) Investments

The Company's investments in fixed maturity securities held to maturity and equity securities available for sale as of June 30, 2015 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2015				
Fixed maturity securities held to maturity carried at amortized cost:				
Bonds:				
U.S. Treasury securities and obligations of U.S. Government agencies	$ 1,862,291	$ 305,024	$ (3,620)	$ 2,163,695
Obligations of states and political subdivisions	1,858,861	201,771	(3,726)	2,056,906
Corporate securities including public utilities	124,811,868	12,115,612	(1,207,359)	135,720,121
Mortgage-backed securities	3,255,965	232,136	(1,147)	3,486,954
Redeemable preferred stock	612,023	23,838	-	635,861
Total fixed maturity securities held to maturity	$ 132,401,008	$ 12,878,381	$ (1,215,852)	$ 144,063,537

3) Investments (Continued)

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2015				
Equity securities available for sale at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	$ 7,972,306	$ 150,184	$ (1,097,080)	$ 7,025,410
Total equity securities available for sale at estimated fair value	$ 7,972,306	$ 150,184	$ (1,097,080)	$ 7,025,410
Mortgage loans on real estate and construction loans held for investment at amortized cost:				
Residential	$ 49,704,426			
Residential construction	28,342,809			
Commercial	34,576,436			
Less: Allowance for loan losses	(1,875,775)			
Total mortgage loans on real estate and construction loans held for investment	$ 110,747,896			
Real estate held for investment - net of depreciation	$ 114,724,603			
Policy and other loans at amortized cost:				
Policy loans	$ 7,095,642			
Other loans	29,268,405			
Less: Allowance for doubtful accounts	(876,318)			
Total policy and other loans at amortized cost	$ 35,487,729			
Short-term investments at amortized cost	$ 21,326,531			

The Company’s investments in fixed maturity securities held to maturity and equity securities available for sale as of December 31, 2014 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2014:				
Fixed maturity securities held to maturity carried at amortized cost:				
Bonds:				
U.S. Treasury securities and obligations of U.S. Government agencies	$ 1,873,146	$ 345,715	$ -	$ 2,218,861
Obligations of states and political subdivisions	1,736,489	221,893	(5,278)	1,953,104
Corporate securities including public utilities	126,533,483	15,841,536	(980,357)	141,394,662
Mortgage-backed securities	4,263,206	305,381	(11,894)	4,556,693
Redeemable preferred stock	612,023	22,032	-	634,055
Total fixed maturity securities held to maturity	$ 135,018,347	$ 16,736,557	$ (997,529)	$ 150,757,375

3) Investments (Continued)

December 31, 2014:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities available for sale at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	$ 7,179,010	$ 393,873	$ (820,133)	$ 6,752,750
Total securities available for sale carried at estimated fair value	$ 7,179,010	$ 393,873	$ (820,133)	$ 6,752,750
Mortgage loans on real estate and construction loans held for investment at amortized cost:				
Residential	$ 53,592,433			
Residential construction	33,071,938			
Commercial	35,388,756			
Less: Allowance for loan losses	(2,003,055)			
Total mortgage loans on real estate and construction loans held for investment	$ 120,050,072			
Real estate held for investment - net of depreciation	$ 111,411,351			
Policy and other loans at amortized cost:				
Policy loans	$ 7,011,012			
Other loans	27,807,829			
Less: Allowance for doubtful accounts	(693,413)			
Total policy and other loans at amortized cost	$ 34,125,428			
Short-term investments at amortized cost	$ 27,059,495			

3) Investments (Continued)

Fixed Maturity Securities

The following tables summarize unrealized losses on fixed maturity securities, which are carried at amortized cost, at June 30, 2015 and December 31, 2014. The unrealized losses were primarily related to interest rate fluctuations. The tables set forth unrealized losses by duration and number of investment positions, together with the fair value of the related fixed maturity securities:

	Unrealized Losses for Less than Twelve Months	No. of Investment Positions	Unrealized Losses for More than Twelve Months	No. of Investment Positions	Total Unrealized Loss
At June 30, 2015					
U.S. treasury securities and obligations of U.S. government agencies	$ 3,620	1	$ -	0	$ 3,620
Obligations of states and political subdivisions	-		3,726	1	3,726
Corporate securities including public utilities	947,259	63	252,472	8	1,199,731
Mortgage-backed securities	1,147	1	7,628	2	8,775
Total unrealized losses	$ 952,026	65	$ 263,826	11	$ 1,215,852
Fair Value	$ 18,942,023		$ 2,519,794		$ 21,461,817
At December 31, 2014					
Obligations of states and political subdivisions	$ -	0	$ 5,278	1	$ 5,278
Corporate securities including public utilities	548,310	21	432,047	11	980,357
Mortgage-backed securities	3,966	1	7,928	1	11,894
Total unrealized losses	$ 552,276	22	$ 445,253	13	$ 997,529
Fair Value	$ 7,081,352		$ 2,777,587		$ 9,858,939

As of June 30, 2015, the average market value of the related fixed maturities was 94.6% of amortized cost and the average market value was 90.8% of amortized cost as of December 31, 2014. During the three months ended June 30, 2015 and 2014 an other than temporary decline in fair value resulted in the recognition of credit losses on fixed maturity securities of $30,000 and $30,000, respectively, and for the six months ended June 30, 2015 and 2014 an other than temporary decline in fair value resulted in the recognition of credit losses on fixed maturity securities of $60,000 and $60,000, respectively.

On a quarterly basis, the Company reviews its fixed maturity investment securities related to corporate securities and other public utilities, consisting of bonds and preferred stocks that are in a loss position. The review involves an analysis of the securities in relation to historical values, and projected earnings and revenue growth rates. Based on the analysis, a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

3) Investments (Continued)

Equity Securities

The following tables summarize unrealized losses on equity securities that were carried at estimated fair value based on quoted trading prices at June 30, 2015 and December 31, 2014. The unrealized losses were primarily the result of decreases in fair value due to overall equity market declines. The tables set forth unrealized losses by duration and number of investment positions, together with the fair value of the related equity securities available-for-sale in a loss position:

	Unrealized Losses for Less than Twelve Months	No. of Investment Positions	Unrealized Losses for More than Twelve Months	No. of Investment Positions	Total Unrealized Losses
At June 30, 2015					
Industrial, miscellaneous and all other	$ 501,595	208	$ 595,485	36	$ 1,097,080
Total unrealized losses	$ 501,595	208	$ 595,485	36	$ 1,097,080
Fair Value	$ 3,789,136		$ 687,502		$ 4,476,638
At December 31, 2014					
Industrial, miscellaneous and all other	$ 327,389	138	$ 492,744	27	$ 820,133
Total unrealized losses	$ 327,389	138	$ 492,744	27	$ 820,133
Fair Value	$ 2,162,425		$ 676,706		$ 2,839,131

As of June 30, 2015, the average market value of the equity securities available for sale was 80.3% of the original investment and the average market value was 77.6% of the original investment as of December 31, 2014. The intent of the Company is to retain equity securities for a period of time sufficient to allow for the recovery in fair value. However, the Company may sell equity securities during a period in which the fair value has declined below the amount of the original investment. In certain situations new factors, including changes in the business environment, can change the Company’s previous intent to continue holding a security. During the three months ended June 30, 2015 and 2014, an other than temporary decline in the fair value resulted in the recognition of an impairment loss on equity securities of $25,311 and $-0-, respectively, and for the six months ended June 30, 2015 and 2014, an other than temporary decline in the fair value resulted in the recognition of an impairment loss on equity securities of $51,207 and $-0-, respectively.

On a quarterly basis, the Company reviews its investment in industrial, miscellaneous and all other equity securities that are in a loss position. The review involves an analysis of the securities in relation to historical values, price earnings ratios, projected earnings and revenue growth rates. Based on the analysis a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

The fair values of fixed maturity securities are based on quoted market prices, when available. For fixed maturity securities not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements, are estimated by discounting expected future cash flows using a current market value applicable to the coupon rate, credit and maturity of the investments. The fair values for equity securities are based on quoted market prices.

3) Investments (Continued)

The amortized cost and estimated fair value of fixed maturity securities at June 30, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Held to Maturity:		
Due in 2015	$ 1,498,127	$ 1,519,903
Due in 2016 through 2019	31,328,324	34,364,866
Due in 2020 through 2024	28,140,265	30,502,468
Due after 2024	67,566,304	73,553,485
Mortgage-backed securities	3,255,965	3,486,954
Redeemable preferred stock	612,023	635,861
Total held to maturity	$ 132,401,008	$ 144,063,537

The amortized cost and estimated fair value of available for sale securities at June 30, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Equities are valued using the specific identification method.

	Cost	Estimated Fair Value
Available for Sale:		
Common stock	$ 7,972,306	$ 7,025,410
Total available for sale	$ 7,972,306	$ 7,025,410

The Company's realized gains and losses, other than temporary impairments from investments and other assets, are summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Fixed maturity securities held to maturity:				
Gross realized gains	$ 273,061	$ 47,548	$ 359,057	$ 47,548
Gross realized losses	(49,594)	(2,284)	(59,370)	(2,284)
Other than temporary impairments	(30,000)	(30,000)	(60,000)	(60,000)
Securities available for sale:				
Gross realized gains	42,289	72,397	130,009	125,650
Gross realized losses	-	-	(1,016)	-
Other than temporary impairments	(25,311)	-	(51,207)	-
Other assets:				
Gross realized gains	267,097	222,191	524,237	367,931
Gross realized losses	(32,077)	-	(32,077)	-
Other than temporary impairments	-	-	-	-
Total	$ 445,465	$ 309,852	$ 809,633	$ 478,845

The net carrying amount of held to maturity securities sold was $2,543,312 and $872,882 for the six months ended June 30, 2015 and 2014, respectively. The net realized gain related to these sales was $330,373 and $42,118 for the six months ended June 30, 2015 and 2014, respectively.

There were no investments, aggregated by issuer, in excess of 10% of shareholders' equity (before net unrealized gains and losses on available for sale securities) at June 30, 2015, other than investments issued or guaranteed by the United States Government.

3) Investments (Continued)

Major categories of net investment income are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Fixed maturity securities	$ 2,144,989	$ 2,067,324	$ 4,125,684	$ 4,176,445
Equity securities	55,298	50,752	114,716	89,999
Mortgage loans on real estate	1,790,538	1,837,060	3,641,164	3,389,171
Real estate	2,233,781	2,126,566	4,354,352	4,291,565
Policy and other loans	188,639	181,687	377,185	379,255
Short-term investments, principally gains on sale of mortgage loans and other	4,738,607	2,781,988	8,964,392	4,681,101
Gross investment income	11,151,852	9,045,377	21,577,493	17,007,536
Investment expenses	(2,561,179)	(2,338,090)	(5,163,976)	(4,657,749)
Net investment income	$ 8,590,673	$ 6,707,287	$ 16,413,517	$ 12,349,787

Net investment income includes income earned by the restricted assets of the cemeteries and mortuaries of $93,564 and $77,254 for the three months ended June 30, 2015 and 2014, respectively, and $186,486 and $171,999 for the six months ended June 30, 2015 and 2014, respectively.

Net investment income on real estate consists primarily of rental revenue.

Investment expenses consist primarily of depreciation, property taxes, operating expenses of real estate and an estimated portion of administrative expenses relating to investment activities.

Securities on deposit for regulatory authorities as required by law amounted to $9,070,319 at June 30, 2015 and $8,886,001 at December 31, 2014. The restricted securities are included in various assets under investments on the accompanying condensed consolidated balance sheets.

Mortgage Loans

Mortgage loans consist of first and second mortgages. The mortgage loans bear interest at rates ranging from 2.0% to 10.5%, maturity dates range from six months to 30 years and are secured by real estate. Concentrations of credit risk arise when a number of mortgage loan debtors have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. Although the Company has a diversified mortgage loan portfolio consisting of residential mortgages, commercial loans and residential construction loans and requires collateral on all real estate exposures, a substantial portion of its debtors' ability to honor obligations is reliant on the economic stability of the geographic region in which the debtors do business. At June 30, 2015, the Company had 40%, 15%, 15%, 9%, and 7% of its mortgage loans from borrowers located in the states of Utah, California, Texas, Florida, and Nevada, respectively. The mortgage loans on real estate balances on the consolidated balance sheet are reflected net of an allowance for loan losses of $1,875,775 and $2,003,055 at June 30, 2015 and December 31, 2014, respectively.

3) Investments (Continued)

The following is a summary of the allowance for loan losses as a contra-asset account for the periods presented:

Allowance for Credit Losses and Recorded Investment in Mortgage Loans

	Commercial	Residential	Residential Construction	Total
June 30, 2015				
Allowance for credit losses:				
Beginning balance - January 1, 2015	$ 187,129	$ 1,715,812	$ 100,114	$ 2,003,055
Charge-offs	-	-	-	-
Provision	-	(127,280)	-	(127,280)
Ending balance -June 30, 2015	$ 187,129	$ 1,588,532	$ 100,114	$ 1,875,775
Ending balance: individually evaluated for impairment	$ -	$ 217,192	$ -	$ 217,192
Ending balance: collectively evaluated for impairment	$ 187,129	$ 1,371,340	$ 100,114	$ 1,658,583
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -
Mortgage loans:				
Ending balance	$ 34,576,436	$ 49,704,426	$ 28,342,809	$ 112,623,671
Ending balance: individually evaluated for impairment	$ -	$ 2,320,452	$ -	$ 2,320,452
Ending balance: collectively evaluated for impairment	$ 34,576,436	$ 47,383,974	$ 28,342,809	$ 110,303,219
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -
December 31, 2014				
Allowance for credit losses:				
Beginning balance - January 1, 2014	$ 187,129	$ 1,364,847	$ 100,114	$ 1,652,090
Charge-offs	-	(38,444)	-	(38,444)
Provision	-	389,409	-	389,409
Ending balance - December 31, 2014	$ 187,129	$ 1,715,812	$ 100,114	$ 2,003,055
Ending balance: individually evaluated for impairment	$ -	$ 153,446	$ -	$ 153,446
Ending balance: collectively evaluated for impairment	$ 187,129	$ 1,562,366	$ 100,114	$ 1,849,609
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -
Mortgage loans:				
Ending balance	$ 35,388,756	$ 53,592,433	$ 33,071,938	$ 122,053,127
Ending balance: individually evaluated for impairment	$ -	$ 1,556,182	$ 414,499	$ 1,970,681
Ending balance: collectively evaluated for impairment	$ 35,388,756	$ 52,036,251	$ 32,657,439	$ 120,082,446
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -

3) Investments (Continued)

The following is a summary of the aging of mortgage loans for the periods presented:

Age Analysis of Past Due Mortgage Loans

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days (1)	In Foreclosure (1)	Total Past Due	Current	Total Mortgage Loans	Allowance for Loan Losses	Net Mortgage Loans
June 30, 2015									
Commercial	$ -	$ -	$ -	$ -	$ -	$ 34,576,436	$ 34,576,436	$ (187,129)	$ 34,389,307
Residential	756,115	624,651	4,278,185	2,320,452	7,979,403	41,725,023	49,704,426	(1,588,532)	48,115,894
Residential Construction	-	-	64,895	-	64,895	28,277,914	28,342,809	(100,114)	28,242,695
Total	$ 756,115	$ 624,651	$ 4,343,080	$ 2,320,452	$ 8,044,298	$ 104,579,373	$ 112,623,671	$ (1,875,775)	$ 110,747,896
December 31, 2014									
Commercial	$ -	$ -	$ -	$ -	$ -	$ 35,388,756	$ 35,388,756	$ (187,129)	$ 35,201,627
Residential	1,631,142	1,174,516	5,464,901	1,556,182	9,826,741	43,765,692	53,592,433	(1,715,812)	51,876,621
Residential Construction	-	-	64,895	414,499	479,394	32,592,544	33,071,938	(100,114)	32,971,824
Total	$ 1,631,142	$ 1,174,516	$ 5,529,796	$ 1,970,681	$ 10,306,135	$ 111,746,992	$ 122,053,127	$ (2,003,055)	$ 120,050,072

(1) Interest income is not recognized on loans past due greater than 90 days or in foreclosure.

3) Investments (Continued)

Impaired Mortgage Loans

Impaired mortgage loans include loans with a related specific valuation allowance or loans whose carrying amount has been reduced to the expected collectible amount because the impairment has been considered other than temporary. The recorded investment in and unpaid principal balance of impaired loans along with the related loan specific allowance for losses, if any, for each reporting period and the average recorded investment and interest income recognized during the time the loans were impaired were as follows:

Impaired Loans

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
June 30, 2015					
With no related allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	-	-	-	-	-
Residential construction	-	-	-	-	-
With an allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	2,320,452	2,320,452	217,192	2,320,452	-
Residential construction	-	-	-	-	-
Total:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	2,320,452	2,320,452	217,192	2,320,452	-
Residential construction	-	-	-	-	-
December 31, 2014					
With no related allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	-	-	-	-	-
Residential construction	414,499	414,499	-	414,499	-
With an allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	1,556,182	1,556,182	153,446	1,556,182	-
Residential construction	-	-	-	-	-
Total:					
Commercial	$ -	$ -	$ -	$ -	$ -
Residential	1,556,182	1,556,182	153,446	1,556,182	-
Residential construction	414,499	414,499	-	414,499	-

3) Investments (Continued)

Credit Risk Profile Based on Performance Status

The Company's mortgage loan portfolio is monitored based on performance of the loans. Monitoring a mortgage loan increases when the loan is delinquent or earlier if there is an indication of impairment. The Company defines non-performing mortgage loans as loans 90 days past due or on non-accrual status.

The Company's performing and non-performing mortgage loans were as follows:

Mortgage Loan Credit Exposure
Credit Risk Profile Based on Payment Activity

	Commercial		Residential		Residential Construction		Total	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Performing	$34,576,436	$35,388,756	$43,105,790	$46,571,350	$28,277,914	$32,592,544	$105,960,140	$114,552,650
Nonperforming	-	-	6,598,636	7,021,083	64,895	479,394	6,663,531	7,500,477
Total	$34,576,436	$35,388,756	$49,704,426	$53,592,433	$28,342,809	$33,071,938	$112,623,671	$122,053,127

Non-Accrual Mortgage Loans

Once a loan is past due 90 days, it is the Company's policy to end the accrual of interest income on the loan and write off any income that had been accrued. Interest not accrued on these loans totals $595,000 and $535,000 as of June 30, 2015 and December 31, 2014, respectively.

The following is a summary of mortgage loans on a nonaccrual status for the periods presented.

	Mortgage Loans on Nonaccrual Status	
	As of June 30, 2015	As of December 31, 2014
Residential	$ 6,598,636	$ 7,021,083
Residential construction	64,895	479,394
Total	$ 6,663,531	$ 7,500,477

Loan Loss Reserve

The mortgage loan loss reserve is an estimate of probable losses at the balance sheet date that the Company will realize in the future on mortgage loans sold to third party investors.

The loan loss reserve analysis involves mortgage loans that have been sold to third party investors where the Company has received a demand from the investor. There are generally three types of demands: make whole, repurchase, or indemnification. These types of demands are more particularly described as follows:

Make whole demand – A make whole demand occurs when an investor forecloses on a property and then sells the property. The make whole amount is calculated as the difference between the original unpaid principal balance, accrued interest and fees, less the sale proceeds.

Repurchase demand – A repurchase demand usually occurs when there is a significant payment default, error in underwriting or detected loan fraud.

Indemnification demand – On certain loans the Company has negotiated a set fee that is to be paid in lieu of repurchase. The fee varies by investor and by loan product type.

When a repurchase demand is received from a third party investor, the relevant data is reviewed and captured so that an estimated future loss can be calculated. The key factors that are used in the estimated loss calculation are as follows: (i) lien position, (ii) payment status, (iii) claim type, (iv) unpaid principal balance, (v) interest rate, and (vi) validity of the demand. Other data is captured and is useful for management purposes; the actual estimated loss is generally based on these key factors. The Company conducts its own review upon the receipt of a repurchase demand. In many instances, the Company is able to resolve the issues relating to the repurchase demand by the third party investor without having to make any payments to the investor.

3) Investments (Continued)

The following is a summary of the loan loss reserve that is included in other liabilities and accrued expenses:

	As of June 30 2015	As of December 31 2014
Balance, beginning of period	$ 1,718,150	$ 5,506,532
Provisions for losses	2,919,210	3,053,403
Charge-offs	(384,540)	(6,841,785)
Balance, end of period	$ 4,252,820	$ 1,718,150

The Company believes the loan loss reserve represents probable loan losses incurred as of the balance sheet date. Actual loan loss experience could change, in the near-term, from the established reserve based upon claims that could be asserted by third party investors. SecurityNational Mortgage believes there is potential to resolve any alleged claims by third party investors on acceptable terms. If SecurityNational Mortgage is unable to resolve such claims on acceptable terms, legal action may ensue. In the event of legal action by any third party investor, SecurityNational Mortgage believes it has significant defenses to any such action and intends to vigorously defend itself against such action.

4) Stock-Based Compensation

The Company has four fixed option plans (the “2003 Plan”, the “2006 Director Plan”, the “2013 Plan” and the “2014 Director Plan”). Compensation expense for options issued of $125,931 and $64,201 has been recognized for these plans for the three months ended June 30, 2015 and 2014, respectively, and $211,476 and $128,526 for the six months ended June 30, 2015 and 2014, respectively. As of June 30, 2015, the total unrecognized compensation expense related to the options issued in December 2014 and July 2014 were $148,839 and $1,316, respectively, which are expected to be recognized over the vesting periods of one year.

The Company generally estimates the expected life of the options based upon the contractual term of the options adjusted for actual experience. Future volatility is estimated based upon the a weighted historical volatility of the Company’s Class A common stock and three peer company stocks over a period equal to the estimated life of the options. Common stock issued upon exercise of stock options are generally new share issuances rather than from treasury shares.

4) Stock Based Compensation (Continued)

A summary of the status of the Company's stock incentive plans as of June 30, 2015, and the changes during the six months ended June 30, 2015, are presented below:

	Number of Class A Shares	Weighted Average Exercise Price	Number of Class C Shares	Weighted Average Exercise Price
Outstanding at December 31, 2014	512,795	$ 3.20	691,591	$ 2.00
Granted	-		-	
Exercised	(15,406)	1.89	(114,023)	2.14
Cancelled	(8,846)	2.31	-	
Outstanding at June 30, 2015	488,543	$ 3.25	577,568	$ 2.62
As of June 30, 2015:				
Options exercisable	409,961	$ 2.99	511,318	$ 2.34
As of June 30, 2015:				
Available options for future grant	266,649		-	
Weighted average contractual term of options outstanding at June 30, 2015	7.37 years		2.69 years	
Weighted average contractual term of options exercisable at June 30, 2015	6.99 years		2.35 years	
Aggregated intrinsic value of options outstanding at June 30, 2015 (1)	$ 1,698,099		$ 2,375,472	
Aggregated intrinsic value of options exercisable at June 30, 2015 (1)	$ 1,534,777		$ 2,242,810	

(1) The Company used a stock price of $6.73 as of June 30, 2015 to derive intrinsic value.

4) Stock Based Compensation (Continued)

A summary of the status of the Company's stock incentive plans as of June 30, 2014, and the changes during the six months ended June 30, 2014, are presented below:

	Number of Class A Shares	Weighted Average Exercise Price	Number of Class C Shares	Weighted Average Exercise Price
Outstanding at December 31, 2013	405,133	$ 2.41	508,656	$ 2.00
Granted	-		-	
Exercised	(34,955)	1.44	-	
Cancelled	(1,838)	2.92	-	
Outstanding at June 30, 2014	368,340	$ 2.50	508,656	$ 2.00
As of June 30, 2014:				
Options exercisable	325,243	$ 2.23	482,406	$ 1.84
As of June 30, 2014:				
Available options for future grant	314,480		105,000	
Weighted average contractual term of options outstanding at June 30, 2014	6.77 years		2.11 years	
Weighted average contractual term of options exercisable at June 30, 2014	6.42 years		1.99 years	
Aggregated intrinsic value of options outstanding at June 30, 2014 (1)	$ 690,130		$ 1,194,177	
Aggregated intrinsic value of options exercisable at June 30, 2014 (1)	$ 689,924		$ 1,194,177	

(1) The Company used a stock price of $4.27 as of June 30, 2014 to derive intrinsic value.

The total intrinsic value (which is the amount by which the fair value of the underlying stock exceeds the exercise price of an option on the exercise date) of stock options exercised during the six months ended June 30, 2015 and 2014 was $492,740 and $115,977, respectively.

5) Earnings Per Share

The basic and diluted earnings per share amounts were calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Numerator:				
Net earnings	$ 3,852,279	$ 2,624,063	$ 5,715,982	$ 2,762,911
Denominator:				
Basic weighted-average shares outstanding	13,037,095	12,449,786	12,986,238	12,459,537
Effect of dilutive securities:				
Employee stock options	558,823	447,418	546,403	455,244
Diluted weighted-average shares outstanding	13,595,918	12,897,204	13,532,641	12,914,781
Basic net earnings per share	$ 0.30	$ 0.21	$ 0.44	$ 0.22
Diluted net earnings per share	$ 0.28	$ 0.20	$ 0.42	$ 0.21

Net earnings per share amounts have been adjusted for the effect of annual stock dividends. For the three and six months ended June 30, 2015 and 2014, there were -0- and 142,972 of anti-dilutive employee stock option shares, respectively, that were not included in the computation of diluted net loss per common share as their effect would be anti-dilutive.

6) Business Segments

Description of Products and Services by Segment

The Company has three reportable business segments: life insurance, cemetery and mortuary, and mortgage. The Company's life insurance segment consists of life insurance premiums and operating expenses from the sale of insurance products sold by the Company's independent agency force and net investment income derived from investing policyholder and segment surplus funds. The Company's cemetery and mortuary segment consists of revenues and operating expenses from the sale of at-need cemetery and mortuary merchandise and services at its mortuaries and cemeteries, pre-need sales of cemetery spaces after collection of 10% or more of the purchase price and the net investment income from investing segment surplus funds. The Company's mortgage segment consists of loan fee income and expenses from the originations of residential and commercial mortgage loans and interest earned and interest expenses from warehousing pre-sold loans before the funds are received from financial institutional investors.

Measurement of Segment Profit or Loss and Segment Assets

The accounting policies of the reportable segments are the same as those described in the Significant Accounting Principles of the form 10K for the year ended December 31, 2014. Intersegment revenues are recorded at cost plus an agreed upon intercompany profit, and are eliminated upon consolidation.

Factors Management Used to Identify the Enterprise's Reportable Segments

The Company's reportable segments are business units that offer different products and are managed separately due to the different products and the need to report to the various regulatory jurisdictions.

6) Business Segments (Continued)

	Life Insurance	Cemetery/ Mortuary	Mortgage	Eliminations	Consolidated
For the Three Months Ended June 30, 2015					
Revenues from external customers	$ 21,476,968	$ 3,215,090	$ 51,348,557	$ -	$ 76,040,615
Intersegment revenues	2,858,820	305,573	92,304	(3,256,697)	-
Segment profit before income taxes	2,115,187	151,975	3,964,790	-	6,231,952
For the Three Months Ended June 30, 2014					
Revenues from external customers	$ 19,810,498	$ 3,534,881	$ 36,066,351	$ -	$ 59,411,730
Intersegment revenues	2,356,195	334,314	231,249	(2,921,758)	-
Segment profit before income taxes	1,515,426	168,911	2,502,760	-	4,187,097
For the Six Months Ended June 30, 2015					
Revenues from external customers	$ 42,462,468	$ 6,313,328	$ 91,314,451	$ -	$ 140,090,247
Intersegment revenues	5,677,687	617,571	180,791	(6,476,049)	-
Segment profit before income taxes	3,519,038	561,150	5,150,148	-	9,230,336
Identifiable Assets	695,953,881	103,231,245	70,065,224	(136,678,259)	732,572,091
Goodwill	2,765,570	-	-	-	2,765,570
For the Six Months Ended June 30, 2014					
Revenues from external customers	$ 38,283,314	$ 6,575,449	$ 59,606,243	$ -	$ 104,465,006
Intersegment revenues	4,417,915	670,612	395,395	(5,483,922)	-
Segment profit before income taxes	2,846,895	351,689	1,154,500	-	4,353,084
Identifiable Assets	626,378,955	108,686,715	56,057,674	(148,165,860)	642,957,484
Goodwill	2,802,991	285,191	-	-	3,088,182

7) Fair Value of Financial Instruments

Generally accepted accounting principles (GAAP) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. GAAP also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. Fair value measurements are classified under the following hierarchy:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we can access.

Level 2: Financial assets and financial liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets; or

c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect our estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

The Company utilizes a combination of third party valuation service providers, brokers, and internal valuation models to determine fair value.

The following methods and assumptions were used by the Company in estimating the fair value disclosures related to other significant financial instruments:

The items shown under Level 1 and Level 2 are valued as follows:

Securities Available for Sale and Held to Maturity: The fair values of investments in fixed maturity and equity securities along with methods used to estimate such values are disclosed in Note 3 of the Notes to Condensed Consolidated Statements.

Restricted Assets: A portion of these assets include mutual funds and equity securities that have quoted market prices. Also included are cash and cash equivalents and participations in mortgage loans. The carrying amounts reported in the accompanying consolidated balance sheet for these financial instruments approximate their fair values.

Cemetery Perpetual Care Trust Investments: A portion of these assets include equity securities that have quoted market prices. Also included are cash and cash equivalents. The carrying amounts reported in the accompanying consolidated balance sheet for these financial instruments approximate their fair values.

Call and Put Options: The Company uses quoted market prices to value its call and put options.

The items shown under Level 3 are valued as follows:

Policyholder Account Balances and Future Policy Benefits-Annuities: Future policy benefit reserves for interest-sensitive insurance products are computed under a retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policy account balances. Interest crediting rates for interest-sensitive insurance products ranged from 4% to 6.5%. The fair values for the Company’s liabilities under investment-type insurance contracts (disclosed as policyholder account balances and future policy benefits – annuities) are estimated based on the contracts’ cash surrender values.

The fair values for the Company’s insurance contracts other than investment-type contracts are not required to be disclosed. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company’s overall management of interest rate risk, such that the Company’s exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

7) Fair Value of Financial Instruments

Interest Rate Lock Commitments: The Company's mortgage banking activities enters into interest rate lock commitments with potential borrowers and forward commitments to sell loans to third-party investors. The Company also implements a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the mortgage loan commitment. Mortgage loan commitments are defined to be derivatives under generally accepted accounting principles and are recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

The Company estimates the fair value of a mortgage loan commitment based on the change in estimated fair value of the underlying mortgage loan and the probability that the mortgage loan will fund within the terms of the commitment. The change in fair value of the underlying mortgage loan is measured from the date the mortgage loan commitment is issued. Therefore, at the time of issuance, the estimated fair value is zero. Following issuance, the value of a mortgage loan commitment can be either positive or negative depending upon the change in value of the underlying mortgage loans. Fallout rates derived from the Company's recent historical empirical data are used to estimate the quantity of mortgage loans that will fund within the terms of the commitments.

Bank Loan Interest Rate Swaps: Management considers the interest rate swap instruments to be an effective cash flow hedge against the variable interest rate on bank borrowings since the interest rate swap mirrors the term of the note payable and expires on the maturity date of the bank loan it hedges. The interest rate swaps are a derivative financial instruments carried at its fair value. The fair value of the interest rate swap was derived from a proprietary model of the bank from whom the interest rate swap was purchased and to whom the note is payable.

Mortgage Loans on Real Estate: The fair values are estimated using interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values.

Real Estate Held for Investment: The Company believes that in an orderly market, fair value will approximate the replacement cost of a home and the rental income provides a cash flow stream for investment analysis. The Company believes the highest and best use of the properties are as income producing assets since it is the Company's intent to hold the properties as rental properties, matching the income from the investment in rental properties with the funds required for future estimated policy claims. Accordingly, the fair value determination will be weighted more heavily toward the rental analysis.

It should be noted that for replacement cost, when determining the fair value of mortgage properties, the Company uses Marshall and Swift, a provider of building cost information to the real estate construction industry. For the investment analysis, the Company used market data based upon its real estate operation experience and projected the present value of the net rental income over seven years. The Company used 60% of the projected cash flow analysis and 40% of the replacement cost to approximate fair value of the collateral.

In addition to this analysis performed by the Company, the Company depreciates Other Real Estate Held for Investment. This depreciation reduces the book value of these properties and lessens the exposure to the Company from further deterioration in real estate values.

Mortgage Servicing Rights: The Company initially recognizes MSRs at their estimated fair values derived from the net cash flows associated with the servicing contracts, where the Company assumes the obligation to service the loan in the sale transaction. The precise fair value of MSRs cannot be readily determined because MSRs are not actively traded in stand-alone markets. Considerable judgment is required to estimate the fair values of these assets and the exercise of such judgment can significantly affect the Company's earnings.

The Company's subsequent accounting for MSRs is based on the class of MSRs. The Company has identified two classes of MSRs: MSRs backed by mortgage loans with initial term of 30 years and MSRs backed by mortgage loans with initial term of 15 years. The Company distinguishes between these classes of MSRs due to their differing sensitivities to change in value as the result of changes in market. After being initially recorded at fair value, MSRs backed by mortgage loans are accounted for using the amortization method. MSR amortization is determined by amortizing the balance straight-line over an estimated nine year life.

7) Fair Value of Financial Instruments

The Company periodically assesses MSRs for impairment. Impairment occurs when the current fair value of the MSR falls below the asset's carrying value (carrying value is the amortized cost reduced by any related valuation allowance). If MSRs are impaired, the impairment is recognized in current-period earnings and the carrying value of the MSRs is adjusted through a valuation allowance.

Management periodically reviews the various loan strata to determine whether the value of the MSRs in a given stratum is impaired and likely to recover. When management deems recovery of the value to be unlikely in the foreseeable future, a write-down of the cost of the MSRs for that stratum to its estimated recoverable value is charged to the valuation allowance.

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet at June 30, 2015.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Common stock	$ 7,025,410	$ 7,025,410	$ -	$ -
Total securities available for sale	$ 7,025,410	$ 7,025,410	$ -	$ -
Restricted assets of cemeteries and mortuaries	$ 712,834	$ 712,834	$ -	$ -
Cemetery perpetual care trust investments	639,962	639,962	-	-
Derivatives - interest rate lock commitments	5,681,354	-	-	5,681,354
Total assets accounted for at fair value on a recurring basis	$ 14,059,560	$ 8,378,206	$ -	$ 5,681,354
Liabilities accounted for at fair value on a recurring basis				
Policyholder account balances	$ (51,322,531)	$ -	$ -	$ (51,322,531)
Future policy benefits - annuities	(69,107,482)	-	-	(69,107,482)
Derivatives - bank loan interest rate swaps	(22,659)	-	-	(22,659)
- call options	(21,552)	(21,552)	-	-
- put options	(43,941)	(43,941)	-	-
- interest rate lock commitments	(11,603)	-	-	(11,603)
Total liabilities accounted for at fair value on a recurring basis	$ (120,529,768)	$ (65,493)	$ -	$ (120,464,275)

7) Fair Value of Financial Instruments

Following is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs:

	Policyholder Account Balances	Future Policy Benefits - Annuities	Interest Rate Lock Commitments	Bank Loan Interest Rate Swaps
Balance - December 31, 2014	$ (45,310,699)	$ (65,540,985)	$ 1,929,851	$ (31,370)
Total gains (losses):				
Included in earnings	(6,011,832)	(3,566,497)	-	-
Included in other comprehensive income (loss)	-	-	3,739,900	8,711
Balance - June 30, 2015	$ (51,322,531)	$ (69,107,482)	$ 5,669,751	$ (22,659)

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a nonrecurring basis by their classification in the condensed consolidated balance sheet at June 30, 2015.

	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets accounted for at fair value on a nonrecurring basis				
Mortgage servicing rights	$ 2,716,641	-	-	$ 2,716,641
Mortgage loans on real estate	320,000	-	-	320,000
Total assets accounted for at fair value on a nonrecurring basis	$ 3,036,641	$ -	$ -	$ 3,036,641

7) Fair Value of Financial Instruments

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet at December 31, 2014.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Common stock	$ 6,752,750	$ 6,752,750	$ -	$ -
Total securities available for sale	$ 6,752,750	$ 6,752,750	$ -	$ -
Restricted assets of cemeteries and mortuaries	$ 715,202	$ 715,202	$ -	$ -
Cemetery perpetual care trust investments	695,235	695,235	-	-
Derivatives - interest rate lock commitments	2,111,529	-	-	2,111,529
Total assets accounted for at fair value on a recurring basis	$ 10,274,716	$ 8,163,187	$ -	$ 2,111,529
Liabilities accounted for at fair value on a recurring basis				
Policyholder account balances	$ (45,310,699)	$ -	$ -	$ (45,310,699)
Future policy benefits - annuities	(65,540,985)	-	-	(65,540,985)
Derivatives - bank loan interest rate swaps	(31,370)	-	-	(31,370)
- call options	(116,036)	(116,036)	-	-
- put options	(11,867)	(11,867)	-	-
- interest rate lock commitment	(181,678)	-	-	(181,678)
Total liabilities accounted for at fair value on a recurring basis	$ (111,192,635)	$ (127,903)	$ -	$ (111,064,732)

Following is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs:

	Policyholder Account Balances	Future Policy Benefits - Annuities	Interest Rate Lock Commitments	Bank Loan Interest Rate Swaps
Balance - December 31, 2013	$ (48,000,668)	$ (65,052,928)	$ 1,487,908	$ (58,310)
Total gains (losses):				
Included in earnings	2,689,969	(488,057)	-	-
Included in other comprehensive income	-	-	441,943	26,940
Balance - December 31, 2014	$ (45,310,699)	$ (65,540,985)	$ 1,929,851	$ (31,370)

7) Fair Value of Financial Instruments

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a nonrecurring basis by their classification in the condensed consolidated balance sheet at December 31, 2014.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a nonrecurring basis				
Mortgage servicing rights	$ 3,741,381	-	-	$ 3,741,381
Real estate held for investment	53,500	-	-	53,500
Total assets accounted for at fair value on a nonrecurring basis	$ 3,794,881	$ -	$ -	$ 3,794,881

Fair Value of Financial Instruments Carried at Other Than Fair Value

ASC 825, Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value.

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction at June 30, 2015 and December 31, 2014. The estimated fair value amounts for June 30, 2015 and December 31, 2014 have been measured as of period-end, and have not been reevaluated or updated for purposes of these Condensed Consolidated Financial Statements subsequent to those dates. As such, the estimated fair values of these financial instruments subsequent to the reporting date may be different than the amounts reported at period-end.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows as of June 30, 2015:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
Assets					
Mortgage loans:					
Residential	$ 48,115,894	$ -	$ -	$ 51,322,839	$ 51,322,839
Residential construction	28,242,695	-	-	28,242,695	28,242,695
Commercial	34,389,307	-	-	36,043,711	36,043,711
Mortgage loans, net	$ 110,747,896	$ -	$ -	$ 115,609,245	$ 115,609,245
Policy loans	7,095,642	-	-	7,095,642	7,095,642
Other loans	28,392,087	-	-	28,392,087	28,392,087
Short-term investments	21,326,531	-	-	21,326,531	21,326,531
Liabilities					
Bank and other loans payable	$ (33,362,912)	$ -	$ -	$ (33,362,912)	$ (33,362,912)

7) Fair Value of Financial Instruments

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows as of December 31, 2014:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
Assets					
Mortgage loans:					
Residential	$ 51,876,621	$ -	$ -	$ 55,247,638	$ 55,247,638
Residential construction	32,971,824	-	-	32,971,824	32,971,824
Commercial	35,201,627	-	-	36,829,266	36,829,266
Mortgage loans, net	$ 120,050,072	$ -	$ -	$ 125,048,728	$ 125,048,728
Policy loans	7,011,012	-	-	7,011,012	7,011,012
Other loans	27,114,416	-	-	27,114,416	27,114,416
Short-term investments	27,059,495	-	-	27,059,495	27,059,495
Liabilities					
Bank and other loans payable	$ (28,989,008)	$ -	$ -	$ (28,989,008)	$ (28,989,008)

The methods, assumptions and significant valuation techniques and inputs used to estimate the fair value of financial instruments are summarized as follows:

Mortgage Loans on Real Estate: The estimated fair value of the Company's mortgage loans is determined using various methods. The Company's mortgage loans are grouped into three categories: Residential, Residential Construction and Commercial. When estimating the expected future cash flows, it is assumed that all loans will be held to maturity, and any loans that are non-performing are evaluated individually for impairment.

Residential – The estimated fair value of mortgage loans originated prior to 2013 is determined by estimating expected future cash flows of interest payments and discounting them using current interest rates from single family mortgages. The estimated fair value of mortgage loans originated in 2013, 2014 and 2015 is determined from pricing of similar loans that were sold in 2013 and 2014.

Residential Construction – These loans are primarily short in maturity (4-6 months) accordingly, the estimated fair value is determined to be the net book value.

Commercial – The estimated fair value is determined by estimating expected future cash flows of interest payments and discounting them using current interest rates for commercial mortgages.

Policy and Other Loans: The carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values.

Short-Term Investments: The carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values.

Bank and Other Loans Payable: The carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values.

8) Allowance for Doubtful Accounts, Allowance for Loan Losses and Impaired Loans

The Company records an allowance and recognizes an expense for potential losses from mortgage loans, other loans and receivables in accordance with generally accepted accounting principles.

Receivables are the result of cemetery and mortuary operations, mortgage loan operations and life insurance operations. The allowance is based upon the Company’s historical experience for collectively evaluated impairment. Other allowances are based upon receivables individually evaluated for impairment. Collectability of the cemetery and mortuary receivables is significantly influenced by current economic conditions. The critical issues that impact recovery of mortgage loan operations are interest rate risk, loan underwriting, new regulations and the overall economy.

The Company provides allowances for losses on its mortgage loans held for investment through an allowance for loan losses. The allowance is comprised of two components. The first component is an allowance for collectively evaluated impairment that is based upon the Company’s historical experience in collecting similar receivables. The second component is based upon individual evaluation of loans that are determined to be impaired. Upon determining impairment the Company establishes an individual impairment allowance based upon an assessment of the fair value of the underlying collateral. See the schedules in Note 3 for additional information. In addition, when a mortgage loan is past due more than 90 days, the Company does not accrue any interest income. When a loan becomes delinquent, the Company proceeds to foreclose on the real estate and all expenses for foreclosure are expensed as incurred. Once foreclosed, an adjustment for the lower of cost or fair value is made, if necessary, and the amount is classified as other real estate owned held for investment or sale. The Company will rent the properties until it is deemed desirable to sell them.

The allowance for losses on mortgage loans held for investment could change based on changes in the value of the underlying collateral, the performance status of the loans, or the Company’s actual collection experience. The actual losses could change, in the near term, from the established allowance, based upon the occurrence or non-occurrence of these events.

9) Derivative Commitments

The Company is exposed to price risk due to the potential impact of changes in interest rates on the values of mortgage loan commitments from the time a derivative loan commitment is made to an applicant to the time the loan that would result from the exercise of that loan commitment is funded. Managing price risk is complicated by the fact that the ultimate percentage of derivative loan commitments that will be exercised (i.e., the number of loan commitments that will be funded) fluctuates. The probability that a loan will not be funded within the terms of the commitment is driven by a number of factors, particularly the change, if any, in mortgage rates following the inception of the interest rate lock. However, many borrowers continue to exercise derivative loan commitments even when interest rates have fallen.

In general, the probability of funding increases if mortgage rates rise and decreases if mortgage rates fall. This is due primarily to the relative attractiveness of current mortgage rates compared to the applicant’s committed rate. The probability that a loan will not be funded within the terms of the mortgage loan commitment also is influenced by the source of the applications (retail, broker or correspondent channels), proximity to rate lock expiration, purpose for the loan (purchase or refinance) product type and the application approval status. The Company has developed fallout estimates using historical data that take into account all of the variables, as well as renegotiations of rate and point commitments that tend to occur when mortgage rates fall. These fallout estimates are used to estimate the number of loans that the Company expects to be funded within the terms of the mortgage loan commitments and are updated periodically to reflect the most current data.

The Company estimates the fair value of a mortgage loan commitment based on the change in estimated fair value of the underlying mortgage loan and the probability that the mortgage loan will fund within the terms of the commitment. The change in fair value of the underlying mortgage loan is measured from the date the mortgage loan commitment is issued. Therefore, at the time of issuance, the estimated fair value is zero. Following issuance, the value of a mortgage loan commitment can be either positive or negative depending upon the change in value of the underlying mortgage loans. Fallout rates derived from the Company’s recent historical empirical data are used to estimate the quantity of mortgage loans that will fund within the terms of the commitments.

9) Derivative Commitments (Continued)

The Company utilizes forward loan sales commitments to economically hedge the price risk associated with its outstanding mortgage loan commitments. A forward loan sales commitment protects the Company from losses on sales of the loans arising from exercise of the loan commitments by securing the ultimate sales price and delivery date of the loans. Management expects these derivatives will experience changes in fair value opposite to changes in fair value of the derivative loan commitments, thereby reducing earnings volatility related to the recognition in earnings of changes in the values of the commitments.

The Company has adopted a strategy of selling “out of the money” call options on its available for sale equity securities as a source of revenue. The options give the purchaser the right to buy from the Company specified equity securities at a set price up to a pre-determined date in the future. The Company has adopted the selling of put options as a means of generating cash or purchasing equity securities at lower than current market prices. The Company receives an immediate payment of cash for the value of the option and establishes a liability for the fair value of the option. The liability for call and put options is adjusted to fair value at each reporting date. The fair value of outstanding call and put options as of June 30, 2015 and December 31, 2014 was $65,493 and $127,903, respectively. In the event an option is exercised, the Company recognizes a gain on the sale of the equity security and a gain from the sale of the option. If the option expires unexercised, the Company recognizes a gain from the sale of the option.

The following table shows the fair value of derivatives as of June 30, 2015 and December 31, 2014.

Fair Value of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	June 30, 2015		December 31, 2014		June 30, 2015		December 31, 2014	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments:								
Interest rate lock and forward sales commitments	other assets	$ 5,681,354	other assets	$ 2,111,529	Other liabilities	$ 11,603	Other liabilities	$ 181,678
Call options	--	--	--	--	Other liabilities	21,552	Other liabilities	116,036
Put options	--	--	--	--	Other liabilities	43,941	Other liabilities	11,867
Interest rate swaps	--	--	--	--	Bank loans payable	22,659	Bank loans payable	31,370
Total		$ 5,681,354		$ 2,111,529		$ 99,755		$ 340,951

The following table shows the gain (loss) on derivatives for the periods presented. There were no gains or losses reclassified from accumulated other comprehensive income (OCI) into income or gains or losses recognized in income on derivatives ineffective portion or any amounts excluded from effective testing.

	Net Amount Gain (Loss) Recognized in OCI		**Net Amount Gain (Loss) Recognized in OCI**	
	Three Months Ended June 30		Six Months Ended June 30	
Derivative - Cash Flow Hedging Relationships:	2015	2014	2015	2014
Interest Rate Lock Commitments	$ 1,252,010	$ 789,149	$ 3,739,900	$ 1,238,412
Interest Rate Swaps	4,760	5,449	8,711	12,300
Sub Total	1,256,770	794,598	3,748,611	1,250,712
Tax Effect	490,140	309,894	1,461,958	487,778
Total	$ 766,630	$ 484,704	$ 2,286,653	$ 762,934

10) Reinsurance, Commitments and Contingencies

Reinsurance

Reinsurance Agreement with North America Life Insurance Company

On May 8, 2015, the Company, through its wholly owned subsidiary, Security National Life, signed a paid-up business offer under the coinsurance agreement effective December 1, 2010 to reinsure certain life insurance policies from North America Life Insurance Company ("North America Life"). Pursuant to the paid-up business offer, North America Life ceded and transferred to Security National Life all contractual obligations and risks under the coinsured policies. Security National Life paid a ceding commission to North America Life in the amount of $281,908. As a result of the ceding commission, North America Life transferred $8,900,282 of cash and $9,182,190 in statutory reserves, or liabilities, to Security National Life.

Reinsurance Agreement with American Republic Insurance Company

On February 11, 2015, the Company, through its wholly owned subsidiary, Security National Life, signed a coinsurance agreement to reinsure certain life insurance policies from American Republic Insurance Company ("American Republic"). The policies were previously reinsured by North America Life under a coinsurance agreement between World Insurance Company ("World Insurance") and North America Life entered into on July 22, 2009 which was commuted. World Insurance was subsequently purchased by and merged into American Republic. The current coinsurance agreement is between Security National Life and American Republic and became effective on January 1, 2015. As part of the coinsurance agreement, American Republic transferred all contractual obligations and risks to Security National Life and Security National Life took control of $15,004,771 of assets in a trust account held by Texas Capital Bank as the trustee.

Reinsurance Agreement with LJA Insurance Company

On December 19, 2014, the Company, through its wholly owned subsidiary, Security National Life, entered into a Coinsurance Funds Withheld Reinsurance Agreement with LJA Insurance Company ("LJA Insurance"), a Republic of the Marshall Islands domiciled insurance company. This agreement was effective November 1, 2014. Under the terms of the funds withheld agreement, Security National Life ceded to LJA Insurance 100% of three blocks of deferred annuities in the amount of $4,337,000 and retained the assets and recorded a funds held under coinsurance liability for the same amount. LJA Insurance agreed to pay Security National Life an initial ceding commission of $60,000 and an asset management fee of $16,000 per quarter to administer the policies. Security National Life will also receive a 90% experience refund for any profits from the business. Security National Life has the right to recapture the business by giving LJA Insurance 90 days written notice, or it may be terminated by mutual consent of both parties.

Mortgage Loan Loss Settlements

The mortgage industry has seen potential loan losses increase. Future loan losses are extremely difficult to estimate, especially in the current market. However, management believes that the Company's reserve methodology and its current practice of property preservation allow it to estimate its losses on loans sold. The amounts accrued for loan losses for the three months ended June 30, 2015 and 2014 were $2,252,000 and $571,000, respectively, and for the six months ended June 30, 2015 and 2014 were $2,919,000 and $943,000, respectively. The estimated liability for indemnification losses is included in other liabilities and accrued expenses and, as of June 30, 2015 and December 31, 2014, the balances were $4,253,000 and $1,718,000, respectively.

Mortgage Loan Loss Demands

Third Party Investors

There have been assertions in third party investor correspondence that SecurityNational Mortgage sold mortgage loans that allegedly contained borrower misrepresentations or experienced early payment defaults, or that were otherwise allegedly defective or not in compliance with agreements between SecurityNational Mortgage and the third party investors consisting principally of financial institutions. As a result of these claims, third party investors have made demands that SecurityNational Mortgage repurchase certain alleged defective mortgage loans that were sold to such investors or indemnify them against any losses related to such loans.

10) Reinsurance, Commitments and Contingencies

The total amount of potential claims by third party investors is difficult to determine. The Company has reserved and accrued $4,253,000 as of June 30, 2015 to settle all such investor related claims. The Company believes that the reserve for mortgage loan loss, which includes provisions for probable losses and indemnification on mortgage loans sold to investors, is reasonable based on available information. Moreover, the Company has successfully negotiated acceptable settlement terms with other third party investors that asserted claims for mortgage loan losses against SecurityNational Mortgage.

SecurityNational Mortgage disagrees with the repurchase demands and notices of potential claims from third party investors. Furthermore, SecurityNational Mortgage believes there is potential to resolve the alleged claims by the third party investors on acceptable terms. If SecurityNational Mortgage is unable to resolve such claims on acceptable terms, legal action may ensue. In the event of legal action by any third party investor, SecurityNational Mortgage believes it has significant defenses to any such action and intends to vigorously defend itself against such action.

JP Morgan Chase Indemnification Demand

The Company and its wholly owned subsidiary, SecurityNational Mortgage, received a notice of claim for indemnification dated December 21, 2011, from JP Morgan Chase & Co. ("JP Morgan Chase") on behalf of EMC Mortgage, LLC ("EMC Mortgage"), relating to 21 mortgage loans that EMC Mortgage allegedly purchased as a third party investor from SecurityNational Mortgage. The notice also referenced a guaranty agreement, dated February 23, 2006, by the Company for the benefit of EMC Mortgage. The indemnification notice additionally stated that EMC Mortgage had been named in a lawsuit by the Bear Stearns Mortgage Funding Trust 2007-AR2 (the "Trust"), which was filed on September 13, 2011 in the Delaware Court of Chancery.

The lawsuit the Trust brought against EMC Mortgage contends that more than 800 residential mortgage loans that EMC Mortgage sold to the Trust (including the 21 loans allegedly originated by SecurityNational Mortgage) contained breaches of representations and warranties with respect to the mortgage loans, as well as defaults and foreclosures in many of such loans. As a result of the alleged breaches of representations and warranties by EMC Mortgage, the complaint requests that EMC Mortgage be ordered to repurchase from the Trust any loans for which it breached its representations and warranties, in the amount of the mortgage loans' outstanding principal balance and all accrued but unpaid interest.

The indemnification notice from JP Morgan Chase further alleged that the Company and SecurityNational Mortgage are required to indemnify EMC Mortgage for any of its losses arising from the lawsuit that the Trust brought against EMC based upon allegedly untrue statements of material fact related to information that was provided by SecurityNational Mortgage. To the extent the claims in the complaint relate to the 21 mortgage loans that SecurityNational Mortgage allegedly sold to EMC Mortgage, the Company believes it has significant defenses to such claims. The Company intends to vigorously defend itself and SecurityNational Mortgage in the event that JP Morgan Chase were to bring any legal action to require the Company or SecurityNational Mortgage to indemnify it for any loss, liability or expense in connection with the lawsuit that the Trust brought against EMC Mortgage.

Inquiry Regarding FHA Insured Loans

SecurityNational Mortgage has been cooperating with the U.S. Department of Justice and the Office of the Inspector General for the Department of Housing and Urban Development (HUD) in a civil investigation regarding compliance with requirements relating to certain loans insured by the Federal Housing Administration (FHA). No demand has been made and SecurityNational Mortgage has not established a liability for this matter absent a specific demand because it is not able to estimate a range of reasonably potential loss due to significant uncertainties regarding: the absence of any specific demand, the potential remedies, including possible defenses, and the lack of information concerning the performance of its FHA insured originations, the majority of which SecurityNational Mortgage does not service. The investigation has focused on loans originated by SecurityNational Mortgage on or after January 1, 2006. The FHA mortgage loans that SecurityNational Mortgage originated between January 1, 2006 and May 21, 2013 total approximately 45,900 loans with an original principal balance of approximately $7.9 billion.

10) Reinsurance, Commitments and Contingencies

Mortgage Loan Loss Litigation

For a description of the litigation involving SecurityNational Mortgage and Lehman Brothers and Aurora Loan Services, reference is to Part II, Item 1. Legal Proceedings.

Other Contingencies and Commitments

The Company has entered into commitments to fund new residential construction loans. As of June 30, 2015, the Company's commitments were $44,248,000 for these loans of which $28,343,000 had been funded. The Company will advance funds once the work has been completed and an independent inspection is made. The maximum loan commitment ranges between 50% and 80% of appraised value. The Company receives fees from the borrowers and the interest rate is generally 2% to 6.75% over the bank prime rate (3.25% as of June 30, 2015). Maturities range between six and twelve months.

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

11) Mortgage Servicing Rights

The following is a summary of the MSR activity for the periods presented.

	As of June 30 2015	As of December 31 2014
Amortized cost:		
Balance before valuation allowance at beginning of year	$ 7,834,747	$ 4,844,101
MSRs proceeds from loan sales	2,716,641	3,741,381
Amortization	(562,730)	(750,735)
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance before valuation allowance at year end	$ 9,988,658	$ 7,834,747
Valuation allowance for impairment of MSRs:		
Balance at beginning of year	$ -	$ -
Additions	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance at end of period	$ -	$ -
Mortgage servicing rights, net	$ 9,988,658	$ 7,834,747
Estimated fair value of MSRs at end of period	$ 11,599,670	$ 8,485,570

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The Company reports these MSRs pursuant to the accounting policy discussed in Note 7.

12) Acquisitions

Acquisition of American Funeral Financial

On June 4, 2014, the Company, through its wholly owned subsidiary, SNFC Subsidiary, LLC ("SNFC Subsidiary"), completed a purchase transaction with American Funeral Financial, LLC, a South Carolina limited liability company ("American Funeral Financial") and Hypershop, LLC, a North Carolina limited liability company ("Hypershop"), the sole owner of all the limited liability company interests of American Funeral Financial, to purchase all of the outstanding limited liability company interests, or membership units, of American Funeral Financial. American Funeral Financial is engaged in the operation of a factoring business with the principal purpose of providing funding for funeral homes and mortuaries.

The following unaudited pro forma information has been prepared to present the results of operations of the Company assuming the acquisition of American Funeral Financial had occurred at the beginning of the six month periods ended June 30, 2015 and 2014. This pro forma information is supplemental and does not necessarily present the operations of the Company that would have occurred had the acquisition occurred on those dates and may not reflect the operations that will occur in the future:

	For the Three Months Ended June 30 (unaudited)		For the Six Months Ended June 30 (unaudited)	
	2015	2014	2015	2014
Total revenues	$ 76,040,615	$ 60,275,049	$ 140,090,247	$ 106,796,985
Net earnings	$ 3,852,279	$ 2,661,985	$ 5,715,982	$ 3,004,668
Net earnings per Class A equivalent common share	$ 0.30	$ 0.21	$ 0.44	$ 0.24
Net earnings per Class A equivalent common share assuming dilution	$ 0.28	$ 0.21	$ 0.42	$ 0.23

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 relatively low interest rates by originating mortgage loans.

Results of Operations

Insurance Operations

The Company's insurance business includes funeral plans, interest sensitive life insurance, as well as other traditional life and accident insurance, and health insurance products. The Company places specific marketing emphasis on funeral plans through pre-need planning.

A funeral plan is a small face value life insurance policy that generally has face coverage of up to $25,000. The Company believes that funeral plans represent a marketing niche that has less competition because most insurance companies do not offer similar coverage. The purpose of the funeral plan policy is to pay the costs and expenses incurred at the time of the person's death. On a per thousand dollar cost of insurance basis, these policies can be more expensive to the policy holder than many types of non-burial insurance due to their low face amount, requiring the fixed cost of the policy administration to be distributed over a smaller policy size, and the simplified underwriting practices that result in higher mortality costs.

The following table shows the condensed financial results of the insurance operations for the three and six months ended June 30, 2015 and 2014. See Note 6 to the Condensed Consolidated Financial Statements.

	Three months ended June 30 (in thousands of dollars)			Six months ended June 30 (in thousands of dollars)		
	2015	2014	% Increase (Decrease)	2015	2014	% Increase (Decrease)
Revenues from external customers						
Insurance premiums	$ 13,914	$ 13,335	4%	$ 27,768	$ 26,464	5%
Net investment income	6,279	5,452	15%	12,490	10,279	22%
Income from loan originations	672	714	(6%)	1,113	1,057	5%
Other	612	309	98%	1,091	483	126%
Total	$ 21,477	$ 19,810	8%	$ 42,462	$ 38,283	11%
Intersegment revenue	$ 2,859	$ 2,356	21%	$ 5,678	$ 4,418	29%
Earnings before income taxes	$ 2,115	$ 1,516	40%	$ 3,519	$ 2,847	24%

Intersegment revenues are primarily interest income from the warehouse line provided to SecurityNational Mortgage Company. Profitability in the three and six months ended June 30, 2015 has increased due to an increase in net investment income, an increase in income from loan originations, and an increase in insurance premiums.

Cemetery and Mortuary Operations

The Company sells mortuary services and products through its seven mortuaries in Salt Lake City, Utah. The Company also sells cemetery products and services through its five cemeteries in Salt Lake City, Utah and one cemetery in San Diego County, California. Cemetery land sales and at-need product sales and services are recognized as revenue at the time of sale or when the services are performed. Pre-need cemetery product sales are deferred until the merchandise is delivered and services performed.

The following table shows the condensed financial results of the Cemetery and Mortuary operations for the three and six months ended June 30, 2015 and 2014. See Note 6 to the Condensed Consolidated Financial Statements.

	Three months ended June 30 (in thousands of dollars)			Six months ended June 30 (in thousands of dollars)		
	2015	2014	% Increase (Decrease)	2015	2014	% Increase (Decrease)
Revenues from external customers						
Mortuary revenues	$ 1,112	$ 1,342	(17%)	$ 2,354	$ 2,661	(12%)
Cemetery revenues	2,027	2,248	(10%)	3,781	3,883	(3%)
Other	76	(56)	(236%)	178	31	474%
Total	$ 3,215	$ 3,534	(9%)	$ 6,313	$ 6,575	(4%)
Earnings before income taxes	$ 152	$ 169	(10%)	$ 561	$ 352	59%

Included in other revenue is rental income from residential and commercial properties purchased from Security National Life. Memorial Estates purchased these properties from financing provided by Security National Life. The rental income is offset by property insurance, taxes, maintenance expenses and interest payments made to Security National Life. Memorial Estates has recorded depreciation on these properties of $229,000 and $239,000 for the three months ended June 30, 2015 and 2014, respectively, and $451,000 and $492,000 for the six months ended June 30, 2015 and 2014, respectively.

Mortgage Operations

Overview

The Company's wholly owned subsidiaries, SecurityNational Mortgage Company and Green Street Mortgage Services, Inc., are mortgage lenders incorporated under the laws of the State of Utah, and are 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. SecurityNational Mortgage and Green Street obtain loans from their retail offices and independent brokers. Mortgage loans originated by the Company's mortgage subsidiaries are funded from internal cash flows, including loan purchase agreements from Security National Life, its wholly owned subsidiary, and unaffiliated financial institutions.

SecurityNational Mortgage and Green Street Mortgage receive fees from the borrowers and secondary fees from third party investors that purchase their loans. Loans originated by SecurityNational Mortgage and Green Street Mortgage are generally sold with mortgage servicing rights released to third party investors. Since the second quarter of 2012, however, SecurityNational Mortgage has sold but retained mortgage servicing rights on approximately 30% of its loan origination volume. The majority of these loans are serviced by an approved third party sub-servicer. In February 2015, Green Street Mortgage chose to cease its current mortgage operations on March 31, 2015.

For the six months ended June 30, 2015 and 2014, SecurityNational Mortgage originated and sold 7,636 loans ($1,445,989,000 total volume) and 5,021 loans ($937,835,000 total volume), respectively. For the six months ended June 30, 2015 and 2014, Green Street Mortgage originated and sold 79 loans ($17,949,000 total volume) and eight loans ($1,817,000 total volume), respectively.

The following table shows the condensed financial results of the mortgage operations for the three and six months ended June 30, 2015 and 2014. See Note 6 to the Condensed Consolidated Financial Statements.

	Three months ended June 30 (in thousands of dollars)			Six months ended June 30 (in thousands of dollars)		
	2015	2014	% Increase (Decrease)	2015	2014	% Increase (Decrease)
Revenues from external customers						
Income from loan originations	$ 42,334	$ 30,413	39%	$ 76,590	$ 50,457	52%
Secondary gains from investors	9,014	5,653	59%	14,724	9,149	61%
Total	$ 51,348	$ 36,066	42%	$ 91,314	$ 59,606	53%
Earnings (loss) before income taxes	$ 3,965	$ 2,503	58%	$ 5,150	$ 1,155	346%

The increase in earnings for the three and six months ended June 30, 2015 was due to higher secondary gains on mortgage loans sold to investors and an increase in loan origination volume.

Mortgage Loan Loss Settlements

The mortgage industry has seen potential loan losses increase. Future loan losses are extremely difficult to estimate, especially in the current market. However, management believes that the Company's reserve methodology and its current practice of property preservation allow it to estimate its losses on loans sold. The amounts accrued for loan losses for the three months ended June 30, 2015 and 2014 were $2,252,000 and $571,000, respectively, and for the six months ended June 30, 2015 and 2014 were $2,919,000 and $943,000, respectively. The estimated liability for indemnification losses is included in other liabilities and accrued expenses and, as of June 30, 2015 and December 31, 2014, the balances were $4,253,000 and $1,718,000, respectively.

Mortgage Loan Loss Demands

Third Party Investors

There have been assertions in third party investor correspondence that SecurityNational Mortgage sold mortgage loans that allegedly contained borrower misrepresentations or experienced early payment defaults, or that were otherwise allegedly defective or not in compliance with agreements between SecurityNational Mortgage and the third party investors consisting principally of financial institutions. As a result of these claims, third party investors have made demands that SecurityNational Mortgage repurchase certain alleged defective mortgage loans that were sold to such investors or indemnify them against any losses related to such loans.

The total amount of potential claims by third party investors is difficult to determine. The Company has reserved and accrued $4,253,000 as of June 30, 2015 to settle all such investor related claims. The Company believes that the reserve for mortgage loan loss, which includes provisions for probable losses and indemnification on mortgage loans sold to investors, is reasonable based on available information. Moreover, the Company has successfully negotiated acceptable settlement terms with other third party investors that asserted claims for mortgage loan losses against SecurityNational Mortgage.

SecurityNational Mortgage disagrees with the repurchase demands and notices of potential claims from third party investors. Furthermore, SecurityNational Mortgage believes there is potential to resolve the alleged claims by the third party investors on acceptable terms. If SecurityNational Mortgage is unable to resolve such claims on acceptable terms, legal action may ensue. In the event of legal action by any third party investor, SecurityNational Mortgage believes it has significant defenses to any such action and intends to vigorously defend itself against such action.

JP Morgan Chase Indemnification Demand

The Company and its wholly owned subsidiary, SecurityNational Mortgage, received a notice of claim for indemnification dated December 21, 2011, from JP Morgan Chase & Co. ("JP Morgan Chase") on behalf of EMC Mortgage, LLC ("EMC Mortgage"), relating to 21 mortgage loans that EMC Mortgage allegedly purchased as a third party investor from SecurityNational Mortgage. The notice also referenced a guaranty agreement, dated February 23, 2006, by the Company for the benefit of EMC Mortgage. The indemnification notice additionally stated that EMC Mortgage had been named in a lawsuit by the Bear Stearns Mortgage Funding Trust 2007-AR2 (the "Trust"), which was filed on September 13, 2011 in the Delaware Court of Chancery.

The lawsuit the Trust brought against EMC Mortgage contends that more than 800 residential mortgage loans that EMC Mortgage sold to the Trust (including the 21 loans allegedly originated by SecurityNational Mortgage) contained breaches of representations and warranties with respect to the mortgage loans, as well as defaults and foreclosures in many of such loans. As a result of the alleged breaches of representations and warranties by EMC Mortgage, the complaint requests that EMC Mortgage be ordered to repurchase from the Trust any loans for which it breached its representations and warranties, in the amount of the mortgage loans' outstanding principal balance and all accrued but unpaid interest.

The indemnification notice from JP Morgan Chase further alleged that the Company and SecurityNational Mortgage are required to indemnify EMC Mortgage for any of its losses arising from the lawsuit that the Trust brought against EMC based upon allegedly untrue statements of material fact related to information that was provided by SecurityNational Mortgage. To the extent the claims in the complaint relate to the 21 mortgage loans that SecurityNational Mortgage allegedly sold to EMC Mortgage, the Company believes it has significant defenses to such claims. The Company intends to vigorously defend itself and SecurityNational Mortgage in the event that JP Morgan Chase were to bring any legal action to require the Company or SecurityNational Mortgage to indemnify it for any loss, liability or expense in connection with the lawsuit that the Trust brought against EMC Mortgage.

Inquiry Regarding FHA Insured Loans

SecurityNational Mortgage has been cooperating with the U.S. Department of Justice and the Office of the Inspector General for the Department of Housing and Urban Development (HUD) in a civil investigation regarding compliance with requirements relating to certain loans insured by the Federal Housing Administration (FHA). No demand has been made and SecurityNational Mortgage has not established a liability for this matter absent a specific demand because it is not able to estimate a range of reasonably potential loss due to significant uncertainties regarding: the absence of any specific demand, the potential remedies, including possible defenses, and the lack of information concerning the performance of its FHA insured originations, the majority of which SecurityNational Mortgage does not service. The investigation has focused on loans originated by SecurityNational Mortgage on or after January 1, 2006. The FHA mortgage loans that SecurityNational Mortgage originated between January 1, 2006 and May 21, 2013 total approximately 45,900 loans with an original principal balance of approximately $7.9 billion.

Mortgage Loan Loss Litigation

For a description of the litigation involving SecurityNational Mortgage and Lehman Brothers and Aurora Loan Services, reference is to Part II, Item 1. Legal Proceedings.

Consolidation

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Total revenues increased by $16,629,000, or 28.0%, to $76,041,000 for the three months ended June 30, 2015, from $59,412,000 for the comparable period in 2014. Contributing to this increase in total revenues was a $13,957,000 increase in mortgage fee income, a $1,883,000 increase in net investment income, a $580,000 increase in insurance premiums and other considerations, a $502,000 increase in other revenues, and a $161,000 increase in realized gains on investments and other assets. This increase in total revenues was partially offset by a $429,000 decrease in net mortuary and cemetery sales and by a $25,000 increase in other than temporary impairments on investments.

Insurance premiums and other considerations increased by $580,000, or 4.3%, to $13,915,000 for the three months ended June 30, 2015, from $13,335,000 for the comparable period in 2014. This increase was primarily due to an increase in renewal premiums and an increase in first year premiums as a result of increased insurance sales.

Net investment income increased by $1,883,000, or 28.1%, to $8,590,000 for the three months ended June 30, 2015, from $6,707,000 for the comparable period in 2014. This increase was primarily attributable to a $1,957,000 increase in short-term investment income, a $108,000 increase in rental income from real estate owned, a $78,000 increase in fixed maturity securities income, a $7,000 increase in policy loan income, and a $4,000 increase in equity securities income. This increase was partially offset by a $224,000 increase in investment expenses, and a $47,000 decrease in mortgage loan interest.

Net mortuary and cemetery sales decreased by $429,000, or 12.4%, to $3,018,000 for the three months ended June 30, 2015, from $3,447,000 for the comparable period in 2014. This decrease was primarily due to a decrease in at-need sales in the cemetery and mortuary operations and a decrease in pre-need sales in the cemetery operations.

Realized gains on investments and other assets increased by $161,000, or 47.4%, to $501,000 in realized gains for the three months ended June 30, 2015, from $340,000 in realized gains for the comparable period in 2014. This increase in realized gains on investments and other assets was the result of a $178,000 increase in realized gains on fixed maturity securities and a $13,000 increase in realized gains on other assets. This increase was partially offset by a $30,000 decrease in realized gains on securities available for sale.

Mortgage fee income increased by $13,957,000, or 40.1%, to $48,730,000 for the three months ended June 30, 2015, from $34,773,000 for the comparable period in 2014. This increase was primarily attributable to higher secondary gains from mortgage loans sold to investors and an increase in loans originated.

Other revenues increased by $502,000, or 59.8%, to $1,341,000 for the three months ended June 30, 2015, from $839,000 for the comparable period in 2014. This increase was due to an increase in mortgage servicing fees.

Total benefits and expenses were $69,809,000, or 91.8% of total revenues, for the three months ended June 30, 2015, as compared to $55,225,000, or 93.0% of total revenues, for the comparable period in 2014.

Death benefits, surrenders and other policy benefits, and future policy benefits increased by an aggregate of $119,000 or 1.0%, to $12,676,000 for the three months ended June 30, 2015, from $12,557,000 for the comparable period in 2014. This increase was primarily the result of a $1,033,000 increase in death benefits offset by a $807,000 decrease in future policy benefits, and a $107,000 decrease in surrender and other policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired decreased by $315,000, or 21.1%, to $1,178,000 for the three months ended June 30, 2015, from $1,493,000 for the comparable period in 2014. This decrease was primarily due to improved persistency in the premium paying traditional life business.

Selling, general and administrative expenses increased by $14,214,000, or 35.6%, to $54,091,000 for the three months ended June 30, 2015, from $39,877,000 for the comparable period in 2014. This increase was primarily the result of an increase in mortgage loan originations by SecurityNational Mortgage for the three months ended June 30, 2015. Commissions increased by $7,022,000, personnel expenses increased by $3,392,000, provision for loan losses and loan loss reserve increased by $1,681,000, other expenses increased by $1,125,000, costs related to funding mortgage loans increased by $501,000, rent and rent related expenses increased by $474,000, depreciation on property and equipment increased by $13,000, and advertising increased by $6,000.

Interest expense increased by $588,000, or 74.8%, to $1,374,000 for the three months ended June 30, 2015, from $786,000 for the comparable period in 2014. This increase was primarily due to an increase in outstanding balances on warehouse lines of credit used to fund mortgage loans.

Cost of goods and services sold by the cemeteries and mortuaries decreased by $23,000, or 4.4%, to $488,000 for the three months ended June 30, 2015, from $511,000 for the comparable period in 2014. This decrease was primarily due to a decrease in mortuary sales.

Comprehensive income for the three months ended June 30, 2015 and 2014 amounted to gains of $4,453,000 and $3,231,000, respectively. This $1,222,000 increase in comprehensive income was primarily the result of an $1,228,000 increase in net income and a $282,000 increase in derivatives related to mortgage loans, which were partially offset by a $288,000 decrease in unrealized gains in securities available for sale.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Total revenues increased by $35,625,000, or 34.1%, to $140,090,000 for the six months ended June 30, 2015, from $104,465,000 for the comparable period in 2014. Contributing to this increase in total revenues was a $29,241,000 increase in mortgage fee income, a $4,064,000 increase in net investment income, a $1,304,000 increase in insurance premiums and other considerations, a $1,073,000 increase in other revenues, and a $382,000 increase in realized gains on investments and other assets. This increase in total revenues was partially offset by a $388,000 decrease in net mortuary and cemetery sales and a $51,000 increase in other than temporary impairments on investments.

Insurance premiums and other considerations increased by $1,304,000, or 4.9%, to $27,768,000 for the six months ended June 30, 2015, from $26,464,000 for the comparable period in 2014. This increase was primarily due to an increase in renewal premiums and an increase in first year premiums as a result of increased insurance sales.

Net investment income increased by $4,064,000, or 32.9%, to $16,414,000 for the six months ended June 30, 2015, from $12,350,000 for the comparable period in 2014. This increase was primarily attributable to a $4,242,000 increase in short-term investment income, a $252,000 increase in mortgage loan interest, a $106,000 increase in rental income from real estate owned, and a $25,000 increase in equity securities income. This increase was partially offset by a $508,000 increase in investment expenses, a $51,000 decrease in fixed maturity securities income, and a $2,000 decrease in policy loan income.

Net mortuary and cemetery sales decreased by $388,000, or 6.2%, to $5,890,000 for the six months ended June 30, 2015, from $6,278,000 for the comparable period in 2014. This decrease was primarily due to a decrease in at-need sales in the mortuary operations and a decrease in pre-need sales in the cemetery operations, which were partially offset by an increase in at-need sales in the cemetery operations.

Realized gains on investments and other assets increased by $382,000, or 70.9%, to $921,000 in realized gains for the six months ended June 30, 2015, from $539,000 in realized gains for the comparable period in 2014. This increase in realized gains on investments and other assets was the result of a $254,000 increase in realized gains on fixed maturity securities, a $124,000 increase in realized gains on other assets, and a $4,000 increase in realized gains on securities available for sale.

Mortgage fee income increased by $29,241,000, or 51.0%, to $86,552,000 for the six months ended June 30, 2015, from $57,311,000 for the comparable period in 2014. This increase was primarily attributable to higher secondary gains from mortgage loans sold to investors and an increase in loans originated.

Other revenues increased by $1,074,000, or 67.8%, to $2,657,000 for the six months ended June 30, 2015, from $1,583,000 for the comparable period in 2014. This increase was due to an increase in mortgage servicing fees.

Total benefits and expenses were $130,860,000, or 93.4% of total revenues, for the six months ended June 30, 2015, as compared to $100,112,000, or 95.8% of total revenues, for the comparable period in 2014.

Death benefits, surrenders and other policy benefits, and future policy benefits increased by an aggregate of $1,322,000 or 5.5%, to $25,437,000 for the six months ended June 30, 2015, from $24,115,000 for the comparable period in 2014. This increase was primarily the result of a $2,286,000 increase in death benefits and a $31,000 increase in surrender and other policy benefits, which were partially offset by a $994,000 decrease in future policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired decreased by $552,000, or 19.0%, to $2,345,000 for the six months ended June 30, 2015, from $2,897,000 for the comparable period in 2014. This decrease was primarily due to improved persistency in the premium paying traditional life business.

Selling, general and administrative expenses increased by $28,956,000, or 40.9%, to $99,770,000 for the six months ended June 30, 2015, from $70,814,000 for the comparable period in 2014. This increase was primarily the result of an increase in mortgage loan originations by SecurityNational Mortgage for the six months ended June 30, 2015. Commissions increased by $15,028,000, personnel expenses increased by $6,208,000, other expenses increased by $2,614,000, provision for loan losses and loan loss reserve increased by $1,976,000, costs related to funding mortgage loans increased by $1,386,000, rent and rent related expenses increased by $1,015,000, advertising increased by $651,000, and depreciation on property and equipment increased by $78,000.

Interest expense increased by $1,076,000, or 83.8%, to $2,360,000 for the six months ended June 30, 2015, from $1,284,000 for the comparable period in 2014. This increase was primarily due to an increase in outstanding balances on warehouse lines of credit used to fund mortgage loans.

Cost of goods and services sold by the cemeteries and mortuaries decreased by $54,000, or 5.5%, to $947,000 for the six months ended June 30, 2015, from $1,001,000 for the comparable period in 2014. This decrease was primarily due to a decrease in mortuary sales.

Comprehensive income for the six months ended June 30, 2015 and 2014 amounted to gains of $7,609,000 and $3,686,000, respectively. This $3,923,000 increase in comprehensive income was primarily the result of an $2,953,000 increase in net income and a $1,524,000 increase in derivatives related to mortgage loans, which were partially offset by a $554,000 decrease in unrealized gains in securities available for sale.

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 subsidiaries realize 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 related to the issuance of new policies, the maintenance of existing policies, debt service, and to meet current operating expenses.

During the six months ended June 30, 2015, the Company's operations used cash of $18,838,000. This was due primarily to a $37,689,000 increase in the balance of mortgage loans sold to investors and an $8,845,000 increase in future policy benefits. During the six months ended June 30, 2014, the Company’s operations provided cash of $40,506,000. This was due primarily to a $24,629,000 decrease in the balance of mortgage loans sold to investors and a $10,663,000 increase in future policy benefits.

The Company’s liability for future life, annuity and other benefits is expected to be paid out over the long-term due to the Company’s market niche of selling funeral plans. Funeral plans are small face value life insurance that will pay the costs and expenses incurred at the time of a person’s death. A person generally will keep these policies in force and will not surrender them prior to a person’s death. Because of the long-term nature of these liabilities, the Company is able to hold to maturity its bonds, real estate and mortgage loans, thus reducing the risk of liquidating these long-term investments as a result of any sudden changes in fair values.

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. 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 that 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 the warehousing of 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 insurance subsidiaries amounted to $131,789,000 as of June 30, 2015 compared to $134,406,000 as of December 31, 2014. This represents 31.3% and 30.9% of the total investments as of June 30, 2015 and December 31, 2014, respectively. Generally, all bonds owned by the life insurance subsidiaries 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, 2015, 8.7% (or $11,483,000) and at December 31, 2014, 6.8% (or $9,192,000) of the Company's total bond investments were invested in bonds in rating categories three through six, which were considered non-investment grade.

The Company has classified its fixed income securities as held to maturity. Business conditions, however, may develop in the future that 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 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, 2015 and December 31, 2014, the life insurance subsidiary was in compliance with the regulatory criteria.

The Company's total capitalization of stockholders' equity, bank debt and notes payable was $138,845,000 as of June 30, 2015, as compared to $126,111,000 as of December 31, 2014. Stockholders' equity as a percent of total capitalization was 76.0% and 77.0% as of June 30, 2015 and December 31, 2014, respectively.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2014 was 7.0% as compared to a rate of 5.7% for 2013. The 2015 lapse rate to date has been approximately the same as 2014.

At June 30, 2015, $36,347,000 of the Company's consolidated stockholders' equity represented the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to the Company, its parent company, without approval of state insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes since the Annual Report on Form 10-K filed for the year ended December 31, 2014.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of June 30, 2015, the Company carried out an evaluation, under the supervision and with the participation of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the Securities and Exchange Commission (SEC) reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified by the SEC's rules and forms and that such information is accumulated and communicated to management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The officers have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2015, and that the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, the Company's financial condition, results of operations and cash flows for the periods presented in conformity with United States Generally Accepted Accounting Principles (GAAP).

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings.

Lehman Brothers - Aurora Loan Services Litigation

On April 15, 2005, SecurityNational Mortgage entered into a loan purchase agreement with Lehman Brothers Bank, FSB (“Lehman Bank”). Under the terms of the loan purchase agreement, Lehman Bank agreed to purchase mortgage loans from time to time from SecurityNational Mortgage. During 2007, Lehman Bank and its wholly owned subsidiary, Aurora Loan Services LLC (“Aurora Loan Services”), purchased a total of 1,490 mortgage loans in the aggregate amount of $352,774,000 from SecurityNational Mortgage. Lehman Bank asserted that certain of the mortgage loans that it purchased from SecurityNational Mortgage during 2007 contained alleged misrepresentations and early payment defaults. As a result of these alleged issues with the mortgage loans, Lehman Bank contended it had the right to require SecurityNational Mortgage to repurchase certain loans or be liable for losses related to such loans under the loan purchase agreement. SecurityNational Mortgage disagrees with these claims.

On December 17, 2007, SecurityNational Mortgage entered into an Indemnification Agreement with Lehman Bank and Aurora Loan Services. Under the terms of the Indemnification Agreement, SecurityNational Mortgage agreed to indemnify Lehman Bank and Aurora Loan Services for 75% of all losses that Lehman Bank and Aurora Loan Services may incur relative to breaches by mortgagors pertaining to 55 mortgage loans that were purchased from SecurityNational Mortgage. SecurityNational Mortgage was released from any obligation to pay the remaining 25% of such losses. The Indemnification Agreement also required SecurityNational Mortgage to indemnify Lehman Bank and Aurora Loan Services for 100% of any future losses incurred on mortgage loans with breaches that were not among the 55 mortgage loans.

Pursuant to the Indemnification Agreement, SecurityNational Mortgage paid $395,000 to Aurora Loan Services as a deposit into a reserve account, to secure any obligations of SecurityNational Mortgage under the Indemnification Agreement. This deposit was in addition to a $250,000 deposit that SecurityNational Mortgage previously made into the reserve account for a total of $645,000. Losses from mortgage loans with alleged breaches were payable from the reserve account. Lehman Bank and Aurora Loan Services were not to apply any funds from the reserve account to a particular mortgage loan, however, until an actual loss had occurred. Under the Indemnification Agreement SecurityNational Mortgage was to pay to Aurora Loan Services each calendar month the difference between the reserve account balance and $645,000, but in no event would SecurityNational Mortgage be required to make payments into the reserve account in excess of $125,000 for any calendar month.

Since the time the reserve account was established, SecurityNational Mortgage paid a total of $4,281,000 from the reserve account to indemnify Lehman Brothers Bank and Aurora Loan Services for alleged losses from 31 mortgage loans that were among 55 mortgage loans with alleged breaches that were covered by the Indemnification Agreement and ten other mortgage loans with alleged breaches. In the last monthly billing statement dated April 24, 2011 to SecurityNational Mortgage, Lehman Brothers Holdings Inc. (“Lehman Holdings”) claimed that SecurityNational Mortgage owed approximately $3,745,000 for mortgage loan losses under the Indemnification Agreement.

During 2010 and 2011, the Company recognized alleged losses of $1,289,000 and $-0-, respectively. Management cannot fully determine the total losses, however, because there could be potential claims for losses that have not yet been determined. As of December 31, 2014, the Company had not accrued for any losses under the Indemnification Agreement. SecurityNational Mortgage was involved in discussions with Lehman Bank and Lehman Holdings concerning issues under the Indemnification Agreement. During the discussion period, monthly payments for December 2010 and January, February, March and April of 2011 totaling $625,000 were abated or deferred.

On May 11, 2011, SecurityNational Mortgage filed a complaint against Aurora Bank FSB, formerly known as Lehman Bank, and Aurora Loan Services in the United States District Court for the District of Utah because it had been unable to resolve certain issues under the Indemnification Agreement with Lehman Bank and Aurora Loan Services. The complaint alleges, among other claims, material breach of the Indemnification Agreement, including a claim that neither Lehman Bank nor Aurora Loan Services owned the mortgage loans that SecurityNational Mortgage sold so as to justify the amount of payments demanded from, and made by, SecurityNational Mortgage. As a result, SecurityNational Mortgage claims it is entitled to judgment of approximately $4,000,000 against Lehman Bank, as well as Aurora Loan Services to the extent of its involvement and complicity with Lehman Bank. The complaint also alleges a second claim for material breach of a section of the Indemnification Agreement that contains an alleged “sunset” provision and that the amount of the requested payments made was not justified under the “sunset” provision.

On June 8, 2011, Lehman Holdings, which had filed for bankruptcy in September 2008, filed a complaint against SecurityNational Mortgage in the United States District Court for the District of Utah. A subsidiary of Lehman Holdings owns Lehman Bank. The complaint alleges that SecurityNational Mortgage sold loans to Lehman Bank, which were then sold to Lehman Holdings. The complaint additionally alleges that Lehman Bank and Aurora Loan Services assigned their rights and remedies under the loan purchase agreement, as well as the Indemnification Agreement, to Lehman Holdings, which latter assignment purportedly took place on March 28, 2011. Lehman Holdings declared in a letter dated June 2, 2011 that the Indemnification Agreement was null and void except as to losses previously released and discharged, which is disputed by SecurityNational Mortgage.

Lehman Holdings' alleged claims are for damages for breach of contract and breach of warranty pursuant to a loan purchase agreement and Seller's Guide. Based on claiming that the Indemnification Agreement is null and void pursuant to its lawsuit, Lehman Holdings has initially claimed damages in excess of $5,000,000. Prior to declaring the Indemnification Agreement null and void, Lehman Holdings claimed in a then recent billing statement under the terms of the Indemnification Agreement, that SecurityNational Mortgage owed approximately $3,745,000 for mortgage loan losses under the Indemnification Agreement. SecurityNational Mortgage strongly disagrees with the position of Lehman Holdings and, as set forth in its May 11, 2011 complaint, seeks affirmative relief of approximately $4,000,000 from Lehman Bank and Aurora Loan Services. Lehman Bank is a subsidiary of a company owned by Lehman Holdings, and Aurora Loan Services is a subsidiary of Lehman Bank.

On September 4, 2012, SecurityNational Mortgage filed a motion for summary judgment in its action against Lehman Bank and Aurora Loan Services on certain material issues, as well as against Lehman Holdings regarding its claims against SecurityNational Mortgage. Lehman Bank and Aurora Loan Services filed a cross motion for summary judgment as to the issues in SecurityNational Mortgage's motion and, in the Lehman Holdings case, Lehman Holdings has requested that the Court allow a cross motion on the issues which are the subject of SecurityNational Mortgage's September 4, 2012 motion. The cases are before two different federal judges.

On February 27, 2013, SecurityNational Mortgage's motion for summary judgment against Lehman Bank and Aurora Loan Services and the related cross motion were heard by Judge David Nuffer of the United States District Court for the District of Utah. After an extensive hearing, Judge Nuffer requested that the parties prepare findings of fact in accordance with the Court's earlier promulgated findings as modified at the hearing, and that each party submit proposed conclusions of law related to the motions. The motion and cross motion were taken under advisement. SecurityNational Mortgage's motion in the Lehman Holdings case was heard on April 22, 2014 before Judge Ted Stewart of the United States District Court for the District of Utah.

On May 6, 2014, Judge Nuffer issued his summary of facts, conclusions of law and order granting SecurityNational Mortgage's motion for summary judgment and denying the cross motion of Lehman Bank and Aurora Loan Services. On May 27, 2014, Lehman Bank and Aurora Loan Services filed a motion to reconsider Judge Nuffer's summary judgment ruling. On June 2, 2014, a hearing was held before Judge Nuffer to determine the amount owing to SecurityNational Mortgage pursuant to the summary judgment ruling. On December 23, 2014, Judge Nuffer issued an order denying Lehman Bank's and Aurora Loan Services' motion for reconsideration of his summary judgment ruling in favor of SecurityNational Mortgage.

On December 24, 2014, Judge Nuffer issued an amended order granting SecurityNational Mortgage's motion for summary judgment. The amended order provided that the amount of monies previously paid by SecurityNational Mortgage that were wrongfully applied by Lehman Bank to losses on loans actually owed by Lehman Holdings, as established at the June 2, 2014 hearing, was $3,892,974. The amended order also provided for prejudgment interest at 9% per annum to SecurityNational Mortgage. The total amount of prejudgment interest awarded is $1,674,240 through May 31, 2014, with a per diem of $960 for each day after May 31, 2014 until judgment. The court also commented that further replenishment of the indemnification fund under the Indemnification Agreement appears to be barred by language in the assignment effecting a waiver, but that this issue had not been briefed before the June 2, 2014 hearing. In addition, the court stated that the offset that Lehman Bank and Aurora Loan Services pled as an affirmative defense had not yet been adjudicated by the court. Finally, the court ordered the parties to meet and confer by January 16, 2015, and to file a motion to schedule the disposition of the remaining issues in the case. The motion is to clarify whether any issues other than the offset remain to be resolved.

On May 7, 2014, Judge Stewart issued an order for the parties to submit supplemental briefs as to the effect of Judge Nuffer's summary judgment order on SecurityNational Mortgage's motion for summary judgment in the Lehman Holdings case. The supplemental briefing was continued until January 16, 2015. Judge Stewart also granted leave for SecurityNational Mortgage to file an additional motion for summary judgment in the Lehman Holdings case on the basis that the claims of Lehman Holdings are barred by the statute of limitations. The motion was also to be filed by January 16, 2015. The August 11, 2014 trial setting before Judge Stewart in the Lehman Holdings case was stricken without providing a new trial date.

On January 16, 2015, SecurityNational Mortgage and Lehman Holdings filed briefs with Judge Stewart concerning the effect of the rulings in Judge Nuffer's case on the case before Judge Stewart, and on the same date SecurityNational Mortgage filed a motion for summary judgment in the Lehman Holdings case based on the statute of limitations. A hearing concerning SecurityNational Mortgage's summary judgment motion based on the statute of limitations was scheduled before Judge Stuart on April 14, 2015. On February 28, 2015, Lehman Bank and Aurora Loan Services filed a partial summary judgment motion before Judge Nuffer asserting that the Indemnification Agreement security fund should be replenished, and for a right to offset alleged losses of approximately $8.6 million, based on more than 100 loans retained by Lehman Bank, against the amount owing to SecurityNational per Judge Nuffer's summary judgment order. Lehman Bank and Aurora Loan Services asserts that another 124 loans are not analyzed yet for potential breaches.

SecurityNational Mortgage had until March 30, 2015 to respond to the motion of Lehman Bank and Aurora Loan Services, and to file a motion if so determined by SecurityNational Mortgage. SecurityNational Mortgage asserts that Lehman Bank and Aurora Loan Services have no rights to a replenishment of the Indemnification Agreement reserve account, or for any offset against the liability of Lehman Bank and Aurora Loan Services to SecurityNational Mortgage, including the assertion that Lehman Bank and Aurora Loan Services executed an assignment to Lehman Holdings containing a waiver and release of rights and remedies which affect the foregoing asserted replenishment and offset matters. On March 30, 2015, SecurityNational Mortgage filed a response in opposition to the partial summary judgment motion of Lehman Bank and Aurora Loan Services and also filed its own partial summary judgment motion on the same issue against Lehman Bank and Aurora Loan Services.

On April 16, 2015, Lehman Bank and Aurora Loan Services filed a reply to SecurityNational Mortgage's response to their motion for partial summary judgment. On April 30, 2015, Lehman Bank and Aurora Loan Services filed their opposition to SecurityNational Mortgage's cross motion for partial summary judgment on the same issue as the partial summary judgment motion of Lehman Bank and Aurora Loan Services, and SecurityNational Mortgage filed a reply on May 18, 2015 to the response of Lehman Bank and Aurora Loan Services. The motions are under advisement.

On April 21, 2015, Judge Stewart issued a memorandum decision and order denying SecurityNational Mortgage's motion for summary judgment against Lehman Holdings which motion was filed on September 4, 2012. On April 28, 2015, a hearing was held before Judge Stewart on SecurityNational Mortgage's additional motion for summary judgment that it filed against Lehman Holdings requesting dismissal of Lehman Holdings' action based on the statute of limitations. Because of certain cases pending before the United States Court of Appeals for the Tenth Circuit concerning statute of limitation issues also involving Lehman Holdings, Judge Stewart inquired at the hearing as to whether his ruling on SecurityNational Mortgage's motion should be held in abeyance until a ruling from the Tenth Circuit. With the parties agreeing to an abeyance, Judge Stewart issued an order on May 11, 2015 postponing a ruling on SecurityNational Mortgage's motion for summary judgment until after the Tenth Circuit Court of Appeals had issued a ruling on the pending appeal concerning statute of limitations issues also involving Lehman Holdings.

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

None

Item 6. Exhibits, Financial Statements Schedules and Reports on Form 8-K.

(a)(1) Financial Statements

See “Table of Contents – Part I – Financial Information” under page 2 above

(a)(2) Financial Statement Schedules

None

All other schedules to the consolidated financial statements required by Article 7 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

(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.

3.1	Articles of Restatement of Articles of Incorporation (3)
3.2	Amended Bylaws (5)
4.1	Specimen Class A Stock Certificate (1)
4.2	Specimen Class C Stock Certificate (1)
4.3	Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock (1)
10.1	Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)
10.2	2003 Stock Option Plan (4)
10.3	2006 Director Stock Option Plan (7)
10.4	2013 Stock Option Plan (10)
10.5	2014 Director Stock Option Plan (12)
10.6	Deferred Compensation Plan (2)
10.7	Employment agreement with J. Lynn Beckstead, Jr. (6)
10.8	Employment agreement with Scott M. Quist
10.9	Indemnification Agreement among SecurityNational Mortgage Company, Lehman Brothers Bank, and Aurora Loan Services (8)
10.10	Agreement and Plan of Reorganization among Security National Financial Corporation and certain subsidiaries (9)
10.11	Purchase Agreement among Security National Financial Corporation, SNFC Subsidiary, LLC, American Funeral Financial, LLC, and Hypershop, LLC (11)

21	Subsidiaries of the Registrant
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
101 INS	XBRL Instance Document*
101 SCH	XBRL Schema Document*
101 CAL	XBRL Calculation Linkbase Document*
101 DEF	XBRL Definition Linkbase Document*
101 LAB	XBRL Labels Linkbase Document*
101 PRE	XBRL Presentation Linkbase Document*

* The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

(1) Incorporated by reference from Registration Statement on Form S-1, as filed on September 29, 1987
(2) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002
(3) Incorporated by reference from Report on Form 8-K/A, as filed on January 8, 2003
(4) Incorporated by reference from Schedule 14A Definitive Proxy Statement, as filed on September 5, 2003, relating to the Company's Annual Meeting of Stockholders
(5) Incorporated by reference from Report on Form 10-Q, as filed on November 14, 2003
(6) Incorporated by reference from Report on Form 10-K, as filed on March 30, 2004
(7) Incorporated by reference from Schedule 14A Definitive Proxy Statement, as filed on June 1, 2007, relating to the Company's Annual Meeting of Stockholders
(8) Incorporated by reference from Report on Form 10-K, as filed on March 31, 2009
(9) Incorporated by reference from Report on Form 10-Q, as filed on August 14, 2013
(10) Incorporated by reference from Schedule 14A Definitive Proxy Statement, as filed on June 5, 2013, relating to the Company's Annual Meeting of Stockholders
(11) Incorporated by reference from Report on Form 8-K, as filed on June 13, 2014
(12) Incorporated by reference from Schedule 14A Definitive Proxy Statement, as filed on June 2, 2014, related to Company's Annual Meeting of Stockholders

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, 2015	/s/ Scott M. Quist Scott M. Quist Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Dated: August 14, 2015	/s/ Garrett S. Sill Garrett S. Sill Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into effective as of the 4th day of December 2012 (the “Effective Date”), by and between Security National Financial Corporation, a Utah corporation (the “Company”) and Scott M. Quist (“Quist”).

WITNESSETH:

WHEREAS, Quist has served as Chairman of the Board and Chief Executive Officer of the Company since September 2012, as its President since 2002, and as a director since 1986, and continues to serve in these positions; and

WHEREAS, the Company desires to secure the continued services of Quist as Chairman of the Board, President and Chief Executive Officer of the Company and as a director, and considers his services to be unique and essential to the continued growth, expansion and profitability of the Company’s business; and

WHEREAS, Quist desires to continue to make his services and expertise available to the Company on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereto hereby agree as follows:

1. Employment in Executive Capacity. The Company hereby agrees to continue to employ Quist as Chairman of the Board, President and Chief Executive Officer of the Company and Quist hereby accepts such employment, for a six year term beginning December 4, 2012 and ending December 4, 2018, upon the terms and conditions set forth herein. Additionally, the Company shall use its best efforts to cause Quist to be elected as a member of the Company’s Board of Directors (the “Board of Directors”) during the term of this Agreement.

2. Employee Agrees to Devote Full Time. Quist agrees to such employment and agrees to devote his full time and attention to the performance of his duties hereunder, which shall include such additional duties as may be assigned to him from time to time by the Board of Directors.

3. Employee to be Officer. During the term of this Agreement and each renewal thereof, it is agreed that Quist shall be elected as Chairman of the Board, President and Chief Executive Officer of the Company.

4. Compensation. In consideration of the services to be rendered by Quist as an officer of the Company, the Company agrees to pay Quist, and he agrees to accept, compensation at not less than his current rate of compensation including benefits. It is agreed that the term “current rate of compensation” does not include such items as stock option grants or incentive or similar bonuses as may be granted by the Board of Directors from time to time. It is agreed that on the yearly anniversary date of this Agreement or such other time as the Board of Directors may see fit, the compensation being paid to Quist shall be reviewed by the Board of Directors and adjusted by the Board of Directors as it sees fit, but in no event shall compensation be less than the current rate of compensation. Quist shall also be entitled to all frequent flyer miles or similar benefits accrued to him in the course of his duties either directly by travel, method of purchase, or otherwise. Quist shall be entitled to reimbursement for any and all reasonable expenses associated with his duties incurred by him in the performance of his duties.

5. Vesting of Agreement Except for Cause Termination. Unless otherwise agreed to in writing, the benefits of this Agreement shall vest and shall not be subject to forfeiture except for cause.

6. Term. The term of the Agreement shall commence on the Effective Date and shall end on December 4, 2018. The Board of Directors may in its sole discretion, however, extend the term of the Agreement for an additional four year term beginning on December 4, 2018, provided that Quist has continued to perform his duties with usual and customary care, diligence and prudence commensurate with his position with the Company.

7. Disability. In the event Quist is unable to perform the duties provided for hereunder because of illness or accident, then Quist shall be entitled to three-fourths (75%) of the current rate of compensation provided for hereunder for a term of five (5) years from the date of the commencement of said disability pursuant to such illness of accident. In lieu of the benefit provided in this paragraph, the Company may purchase a disability policy. To the extent that any such policy were to pay a benefit in excess of three-fourths of the current rate of compensation provided for hereunder, then no additional benefit shall be due under this paragraph. To the extent any such benefit is less than three-fourths of the current rate of compensation, then this paragraph shall be interpreted to pay an amount sufficient to bring the benefit to three-fourths of the current rate of compensation.

8. Pension Plan. The Company agrees to provide an Employee Stock Ownership Plan (ESOP), a Employee 401(k) Retirement Savings Plan, a Deferred Compensation Plan, and a non-qualified profit sharing plan or similar arrangements for Quist and to make a contribution to the plans on behalf of Quist consistent with the Company's past and current practices regarding other executive officers of the Company.

9. Insurance. The Company agrees to maintain a term life insurance policy in the amount of not less than $1,000,000 on the life of Quist, who shall have the right to designate the beneficiaries and the owner or owners of that policy. Such policy shall terminate upon retirement but if possible will be converted to an individual policy in favor of Quist. It is agreed that the premiums for his policy shall be paid by the Company until retirement or other termination. The Company further agrees to maintain a Whole Life Insurance Policy in the amount of $500,000 on the life of Quist, who shall have the right to designate the beneficiaries and the owner or owners of that policy. It is agreed that all premiums for both policies shall be paid by the Company until retirement or other termination. Employee agrees that it is his responsibility to locate and procure such coverage. Employee represents that he is capable of qualifying for such coverages under standard rates and conditions. If, for whatever reason, Employee does not so qualify then the benefit to be paid under this paragraph is the premium amounts that would be paid assuming standard rates and conditions. The Company agrees to purchase a group hospitalization policy for Quist providing family coverage for his spouse and minor children with benefits consistent with the Company's past and current practices regarding other executive employees of the Company such coverage to be provided until retirement or other termination.

10. Automobile. The Company agrees to furnish Quist, until retirement or other termination, with an automobile, including reasonable maintenance expenses, consistent with past practices, with payments to be made by the Company.

11. Merger or Sale. In the event the business conducted by the Company is acquired by another entity through acquisition of assets, merger, or otherwise, this Agreement shall be binding upon any such successor organization and that any such agreements having as their subject such combination shall specifically adopt this Agreement. However, if as a consequence of any such combination, Quist is unable to continue his employment at the same salary, terms, and conditions, then and in that event, and in addition to the Retirement Benefits contained in paragraph 12, the Company agrees to pay Quist full salary plus all benefits, including bonuses and stock options, for a term of seven (7) years from the date of his termination. If, in Quist's complete discretion, he determines that any of the benefits (specifically to include the benefits of this Merger or Sale (paragraph 11) and the Retirement Benefits of Paragraph 12), which are the subject of this Agreement are in jeopardy for any reason, then he shall have the right to have such benefits pre-funded in an escrow account of his choosing. In the event Quist is able to negotiate an employment agreement with a successor entity that is equal to or more favorable than this Agreement, then this provision shall be void. In the event that Quist is able to negotiate an employment agreement with the successor entity that is less favorable than the terms contained herein, then this Agreement shall be interpreted so as to make up the shortfall in compensation such that Quist shall receive the amounts or benefits that he would have received under this Agreement.

12. Retirement Benefits. Quist shall be entitled to receive an annual retirement benefit commencing one month from the date of his retirement (to commence no sooner than age 65), five years following complete disability or the completion of Paragraph 6, or termination of his employment without cause whenever occurring, in an amount equal to three-fourths (75%) of his then current rate of compensation. This benefit shall be paid annually for twenty (20) years. In the event that Quist dies prior to receiving all benefits outlined in this paragraph, the remaining payments shall be made pursuant to the provisions of Quist's will.

13. Parol Agreements. This Agreement contains the entire contract between the parties, and any representations that may have heretofore been made by either party to the other are void. Neither party has relied on such prior representations in entering into this Agreement.

14. Decisions of the Board of Directors and Litigation. Decisions and determinations as contemplated in this Agreement regarding Quist shall be made by majority vote of the Board of Directors of the Company. If Quist is a member of such Board, he shall be recused from voting. In any litigation arising from disputes involving this Agreement, the Attorneys' fees for Quist shall be paid by the Company, provided Quist is the prevailing party in such litigation.

15. Obligations of the Agreement to be Joint and Several. The obligations of this Agreement are to be joint and several to the Company and each of its subsidiaries. Notwithstanding the forgoing, and not in any way limiting the forgoing joint and several liability, the primary obligor shall be the Company.

16. Notices. Any notices required to be given hereunder shall be deemed officially given if sent by certified mail to 5300 South 360 West, Second Floor, Salt Lake City, Utah 84123, or to such other addresses as either party may hereafter designate by notice given in the same manner.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements between the parties, both written and oral, relating to the subject matter hereof and may not be altered, amended or modified except in writing signed by a duly authorized officer of the Company and Quist.

18. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Utah, without regard to its conflict of laws doctrine.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when taken together, shall be deemed to be an original, and each such counterpart shall together constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SECURITY NATIONAL FINANCIAL CORPORATION

By: /s/ Norman Wilbur
Norman Wilbur, Director and Chairman, Compensation Committee

/s/ Scott M. Quist
Scott M. Quist

Subsidiaries of Security National
Financial Corporation
as of June 30, 2015

SecurityNational Mortgage Company
Security National Reverse Mortgage of Utah
Security National Capital, Inc.
Security National Life Insurance Company
Southern Security Life Insurance Company, Inc.
Trans-Western Life Insurance Company
Memorial Insurance Company of America
Dry Creek Property Development, Inc.
New York Land Holdings, Inc.
Security National Funding Company
Security National Life Scholarship Foundation, Inc.
C & J Financial, LLC
SNFC Subsidiary, LLC
American Funeral Financial, LLC
FFC Acquisition Co., LLC dba Funeral Funding Center
Mortician's Choice, LLC
Canadian Funeral Financial, LLC
Cottonwood Mortuary, Inc.
Deseret Memorial, Inc.
Holladay Cottonwood Memorial Foundation
Green Street Mortgage Services, Inc.
Select Appraisal Management, Inc.
Marketing Source Center, Inc. dba Security National Travel Services
Adobe Chapel Funeral Home, Inc.
California Memorial Estates, Inc.
Crystal Rose Funeral Home, Inc.
Greer-Wilson Funeral Home, Inc.
Holladay Memorial Park, Inc.
Memorial Estates, Inc.
Memorial Mortuary, Inc.
Paradise Chapel Funeral Home
Insuradyne Corporation
Security National Real Estate Services, Inc.

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

I, Scott M. 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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 control 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.

Dated: August 14, 2015

/s/ Scott M. Quist
Scott M. Quist
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

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

I, Garrett S. 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 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 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 control 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.

Dated: August 14, 2015

/s/ Garrett S. Sill
Garrett S. Sill
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 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 10-Q for the period ending June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott M. Quist, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2015

/s/ Scott M. Quist
Scott M. Quist
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 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 10-Q for the period ending June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Garrett S. Sill, Acting Chief Financial Officer and Acting Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2015

/s/ Garrett S. Sill
Garrett S. Sill
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)