

SECURITY NATIONAL FINANCIAL CORP
Form 10-Q
November 15, 2010

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended September 30, 2010, 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
(State or other jurisdiction of incorporation or
organization)

87-0345941
(I.R.S. Employer Identification No.)

5300 South 360 West, Suite 250 Salt Lake City, Utah
(Address of principal executive office)

84123
(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 No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock, \$2.00 par value	8,741,852
Title of Class	Number of Shares Outstanding as of November 12, 2010

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Class C Common Stock, \$.20 par value	9,200,145
Title of Class	Number of Shares Outstanding as of November 12, 2010

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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
company

(Do not check if a smaller reporting company)

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2010

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

Assets	September 30, 2010	December 31, 2009
Investments:		
Fixed maturity securities, held to maturity, at amortized cost	\$ 100,614,704	\$ 115,832,300
Fixed maturity securities, available for sale, at estimated fair value	135,454	1,149,523
Equity securities, available for sale, at estimated fair value	6,686,738	5,786,614
Mortgage loans on real estate and construction loans, held for investment net of allowances for losses of \$7,093,550 and \$6,808,803 for 2010 and 2009, respectively	97,181,360	103,290,076
Real estate held for investment, net of accumulated depreciation and allowances for losses of \$4,851,855 and \$4,046,272 for 2010 and 2009, respectively	54,913,589	46,901,832
Policy, student and other loans, net of allowances for doubtful accounts	16,250,443	18,145,029
Short-term investments	1,056,685	7,144,319
Accrued investment income	1,913,315	2,072,495
Total investments	278,752,288	300,322,188
Cash and cash equivalents	26,531,667	39,463,803
Mortgage loans sold to investors	94,150,703	39,269,598
Receivables, net	11,502,991	10,873,207
Restricted assets of cemeteries and mortuaries	2,981,336	2,593,413
Cemetery perpetual care trust investments	1,310,899	1,104,046
Receivable from reinsurers	4,576,812	5,776,780
Cemetery land and improvements	11,106,659	10,987,833
Deferred policy and pre-need contract acquisition costs	35,462,412	34,087,951
Property and equipment, net	11,359,905	11,994,284
Value of business acquired	9,257,600	10,252,670
Goodwill	1,075,039	1,075,039
Other	3,338,234	2,776,086
Total Assets	\$ 491,406,545	\$ 470,576,898

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2010	December 31, 2009
Liabilities and Stockholders' Equity		
Liabilities		
Future life, annuity, and other benefits	\$ 343,670,931	\$ 336,343,433
Unearned premium reserve	5,119,116	4,780,645
Bank loans payable	26,792,271	8,656,245
Notes and contracts payable	221,234	283,744
Deferred pre-need cemetery and mortuary contract revenues	13,212,329	13,381,662
Cemetery perpetual care obligation	2,849,536	2,756,174
Accounts payable	2,427,963	2,601,149
Other liabilities and accrued expenses	20,945,741	24,623,535
Income taxes	15,621,216	17,344,869
Total liabilities	430,860,337	410,771,456
Stockholders' Equity		
Common Stock:		
Class A: common stock - \$2.00 par value; 20,000,000 shares authorized; issued 8,741,852 shares in 2010 and 8,730,227 shares in 2009	17,483,704	17,460,454
Class B: non-voting common stock - \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class C: convertible common stock - \$0.20 par value; 15,000,000 shares authorized; issued 9,200,145 shares in 2010 and 9,214,211 in 2009	1,840,029	1,842,842
Additional paid-in capital	19,687,388	19,191,606
Accumulated other comprehensive income, net of taxes	1,651,984	1,593,327
Retained earnings	23,150,395	23,178,944
Treasury stock at cost - 1,333,664 Class A shares in 2010 and 1,454,974 Class A shares in 2009	(3,267,292)	(3,461,731)
Total stockholders' equity	60,546,208	59,805,442
Total Liabilities and Stockholders' Equity	\$ 491,406,545	\$ 470,576,898

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,
2010	2009	2010	2009