

SECURITY NATIONAL FINANCIAL CORP

Form 10-Q

November 13, 2009

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, 2009, 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: 0-9341

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)

Registrant's telephone number, including area code:

(801) 264-1060

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

Yes ☒ No ☐

Indicate 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

8,297,315

Title of Class

Number of Shares
Outstanding as of
November 12, 2009

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Class C Common Stock,
\$.20 par value

8,782,494
Number of Shares
Outstanding as of
November 12, 2009

Title of Class

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
(Do not check if a smaller reporting company). company _____

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2009

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

	September 30, 2009	December 31, 2008
Assets		
Investments:		
Fixed maturity securities, held to maturity, at amortized cost	\$ 115,471,124	\$ 125,346,194
Fixed maturity securities, available for sale, at estimated fair value	1,169,902	1,236,562
Equity securities, available for sale, at estimated fair value	5,376,796	4,617,675
Mortgage loans on real estate and construction loans, held for investment net of allowances for losses of \$6,248,956 and \$4,780,467 for 2009 and 2008, respectively	108,655,763	124,592,678
Real estate, net of accumulated depreciation	43,221,022	22,417,639
Policy, student and other loans net, of allowances for doubtful accounts	16,572,360	18,493,751
Short-term investments	4,780,548	5,282,986
Accrued investment income	2,220,817	2,245,201
Total investments	297,468,332	304,232,686
Cash and cash equivalents	35,156,703	19,914,110
Mortgage loans sold to investors	38,969,406	19,885,994
Receivables, net	10,621,866	13,135,080
Restricted assets of cemeteries and mortuaries	2,524,766	4,077,076
Cemetery perpetual care trust investments	2,000,915	1,840,119
Receivable from reinsurers	5,873,768	5,823,379
Cemetery land and improvements	10,783,382	10,626,296
Property and equipment, net	13,157,666	14,049,232
Deferred policy and pre-need contract acquisition costs	33,935,414	32,424,512
Value of business acquired	10,481,183	11,377,276
Goodwill	1,075,039	1,075,039
Other	3,004,786	3,343,726
Total Assets	\$465,053,226	\$441,804,525

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2009	December 31, 2008
Liabilities and Stockholders' Equity		
Liabilities		
Future life, annuity, and other benefits	\$334,100,232	\$325,668,454
Unearned premium reserve	4,789,833	4,863,919
Bank loans payable	5,043,777	6,138,202
Notes and contracts payable	297,243	501,778
Deferred pre-need cemetery and mortuary contract revenues	13,421,353	13,467,132
Cemetery perpetual care obligation	2,737,437	2,647,984
Accounts payable	2,356,004	1,941,777
Other liabilities and accrued expenses	21,938,671	17,688,756
Income taxes	18,179,371	14,974,244
Total liabilities	402,863,921	387,892,246
Stockholders' Equity		
Common Stock:		
Class A: common stock - \$2.00 par value; 20,000,000 shares authorized; issued 8,297,194 shares in 2009 and 8,284,109 shares in 2008	16,594,388	16,568,218
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 8,783,699 shares in 2009 and 8,912,315 in 2008	1,756,740	1,782,463
Additional paid-in capital	18,359,156	17,985,848
Accumulated other comprehensive income, net of taxes	1,587,882	417,101
Retained earnings	27,409,312	21,023,179
Treasury stock at cost; 1,414,637 Class A shares in 2009 and 1,598,568 Class A shares in 2008	(3,518,173)	(3,864,530)
Total stockholders' equity	62,189,305	53,912,279
Total Liabilities and Stockholders' Equity	\$465,053,226	\$441,804,525

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,