SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A-2

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

Date of Report (Date of Earliest Event
Reported): December 21, 1994

SECURITY NATIONAL FINANCIAL CORPORATION
(Exact name of registrant as
specified in this Charter)

Utah	0-9341	87-0345941
(State or other jurisdiction of incorporation	(Commission File Number	(IRS Employer Identification No.)

5300 South 360 West, Suite 310 Salt Lake City, Utah	84123
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, includuing Area Code: (801) 264-1060

Does Not Apply
(Former name or former address if changed since last report)

ITEM 2. Acquisition of Capital Investors Life Insurance Company

On December 21, 1994, Security National Financial Corporation (the "Company") completed the purchase of all of the outstanding shares of common stock of Capital Investors Life Insurance Company, a Florida corporation, ("CLIC") from Suncoast Financial Corporation, a Delaware corporation ("SFC") and, prior to closing of the transaction, the sole shareholder of CILIC. Although the closing documents were dated December 16, 1994, the transaction was not completed until December 21, 1994 when the Florida Department of Insurance approved the purchase of the shares of CILIC by order dated December 21, 1994. The closing documents were executed and held in escrow until the order was received from the Florida Department of Insurance, following which the escrow was broken pursuant to written directions from the Company and SFC, and the funds and documents were then disbursed in conformance with the terms of the escrow agreement.

At the time of the transaction, CILIC was a Florida domiciled insurance company with total assets of approximately $30.0 million. However, CILIC was redomesticated to Utah as of December 28, 1994. CILIC's assets include fixed maturity securities, equity securities, policy loans, receivables, accrued investment income, deferred policy acquisition costs, cost of insurance acquired, and property plant and equipment. CILIC is currently licensed to transact business in 23 states. CILIC's total revenues for the year ended December 31, 1993 were $4,637,000. CILIC had net income of $19,000 for fiscal 1993.

As consideration for the purchase of the shares of CILIC, the Company provided SFC at closing with the following: (i) $5,231,000 in cash, (ii) 40,000 shares of the Company's Class A Common Stock, and (iii) a profit sharing agreement providing for 33 1/3% of the profits from new post-closing sales of existing CILIC plans of insurance to be paid as earned. An aggregate of $2,700,000 of the cash consideration was borrowed by the Company from Key Bank, Crossroads Office, Salt Lake City, Utah, and is payable by the Company in accordance with the terms of a Promissory Note dated December 16, 1994, bearing interest at one-half percent per annuam above the bank's prime rate, and payable in monthly payments in the amount of $36,420 with the unpaid principal balance, together with accrued interest and other charges, due and payable on December 16, 1999. The remainder of the purchase price came from the Company's internal funds. The Company is required to register the 40,000 shares of Class A Common Stock by preparing and filing a Form S-3 Registration Statement with the U.S. Securities and Exchange Commission.

The Company intends to continue the operations of CILIC as an insurance company.

ITEM 7. Financial Statements and Exhibits.

(a) The following financial statements of Capital Investors Life Insurance Company are included herein:

Independent Auditors' Reports

Balance Sheets as of December 31, 1993 and 1992

Statements of Income for the years ended December 31, 1993, 1992 and 1991

Statements of Shareholder's Equity for the years ended December 31, 1993, 1992 and 1991

Statements of Cash Flows for the years ended December 31, 1993, 1992 and 1991

Notes to Financial Statements

Condensed Balance Sheet as of September 30, 1994 (unaudited)

Condensed Statements of Income for the nine months ended September 30, 1994 and 1993 (unaudited)

Condensed Statements of Shareholder's Equity for the nine months ended September 30, 1994 (unaudited)

Condensed Statements of Cash Flows for the nine months ended September 30, 1994 and 1993 (unaudited)

Notes to Condensed Interim Financial Statements (unaudited)

(b) The following pro forma statements of Security National Financial Corporation are included herein:

Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1994 (unaudited)

Pro Forma Condensed Consolidated Statement of Income for the nine months ended September 30, 1994 (unaudited)

Pro Forma Condensed Consolidated Statement of Income for the year ended December 31, 1993 (unaudited)

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited)

(c) Exhibits

10.1 Stock Purchase Agreement among Security National Financial Corporation, Capital Investors Life Insurance Company and Suncoast Financial Corporation.*

10.2 Profit Sharing Agreement between Security National Financial Corporation and Suncoast Financial Corporation.**

10.3 Service Agreement between Security National Financial Corporation and Suncoast Financial Corporation.**

10.4 Promissory Note between Security National Financial Corporation, as borrower, and Key Bank of Utah, as lender.**

10.5 Loan and Security Agreement between Key Bank of Utah and Security National Financial Corporation.**

10.6 General Pledge Agreement between Security National Financial Corporation, as debtor, and Key Bank of Utah.**

* Incorporated by reference from Report on Form 8-K, as filed on October 31, 1994.

** Incorporated by reference from Report on Form 8-K, as filed on January 2, 1995.

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 hereunto duly authorized.

SECURITY NATIONAL FINANCIAL CORPORATION
(Registrant)

Date: March 6, 1995

By: Scott M. Quist
First Vice President, General
Counsel and Treasurer

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Capital Investors Life Insurance Company

We have audited the accompanying balance sheet of Capital Investors Life Insurance Company as of December 31, 1993 and the related statements of income, shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Investors Life Insurance Company at December 31, 1993 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 1, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", and Standards No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts", respectively in 1993.

KPMG Peat Marwick LLP
Jacksonville, Florida

April 15, 1994, except
as to Note 13 , which is
as of December 28, 1994.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Capital Investors Life Insurance Company

We have audited the accompanying balance sheet of Capital Investors Life Insurance Company as of December 31, 1992, and the related statements of income, shareholder's equity and cash flows for each of the two years in the period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Investors Life Insurance Company at December 31, 1992 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 1992 in conformity with generally accepted accounting principles.

Ernst & Young LLP
Salt Lake City, Utah

April 8, 1993, except
for Note 13 as to
which the date is
December 28, 1994.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
BALANCE SHEETS

	December 31, 1993	December 31, 1992
	(In thousands, except per share data)	
ASSETS		
Investments--Note 2:		
Fixed maturities at amortized cost (market: 1993-$21,529; 1992-$22,181)	$21,200	$21,270
Equity securities-at market (cost: 1993-$1,738; 1992-$1,884)	1,782	1,942
Policy loans	905	968
TOTAL INVESTMENTS	23,887	24,180
Cash	1,294	1,209
Accrued investment income	415	756
Receivable from parent and affiliates-Note 3	1,983	2,632
Cost of insurance acquired-Note 5	2,930	3,348
Property and equipment-at cost, less accumulated depreciation (1993-$176; 1992-$120)	136	200
Intangibles, net	292	324
Deferred policy acquisition cost	52	78
Other assets	7	
	$30,996	$32,727

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
BALANCE SHEETS--CONTINUED

	December 31, 1993	December 31, 1992
	(In thousands, except per share data)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES		
Policy liabilities and accruals--Note 6:		
Future policy benefits, claims and losses	$20,364	$21,921
Unearned premiums	397	486
Other policy claims and benefits payable	190	240
	20,951	22,647
Other policyholders' funds--Note 5	950	979
Other liabilities	48	84
Federal income taxes payable--Note 4	--	28
Deferred income taxes--Note 4	52	--
Surplus debentures payable--Note 7	2,000	2,000
	24,001	25,738
COMMITMENTS AND CONTINGENCIES--NOTE 11		
SHAREHOLDER'S EQUITY--Notes 4, 7, 9 and 10		
Common Stock, $100 par value:		
Authorized--50,000 shares		
Issued and outstanding-- 15,000 shares	1,500	1,500
Additional paid-in capital	3,500	3,500
Unrealized appreciation of marketable equity securities, less applicable deferred taxes	44	57
Retained earnings	1,951	1,932
	6,995	6,989
	$30,996	$32,727

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
STATEMENTS OF INCOME

	Year Ended December 31, 1993	1992	1991
	(In thousands, except per share data)		
REVENUES--Note 6			
Traditional life and other insurance premiums	$1,373	$1,784	$1,525
Net investment income	2,073	2,161	2,106
Realized gains on investments--Note 2	1,190	658	386
Other	1	23	89
	4,637	4,626	4,106
BENEFITS, LOSSES, AND EXPENSES--Notes 3, 5 and 6			
Benefits, claims and losses	1,638	2,069	1,838
Underwriting, acquisition, and insurance expenses	1,795	1,896	1,667
Interest expense	1,128	--	--
	4,561	3,965	3,505
INCOME BEFORE FEDERAL INCOME TAXES AND EXTRAORDINARY CREDIT	76	661	601
Federal income tax expense--Note 4	57	120	107
INCOME BEFORE EXTRAORDINARY CREDIT	19	541	494
Extraordinary credit-income tax benefit from utilization of net operating loss carryforward	-	-	84
NET INCOME	$ 19	$ 541	$ 578
EARNINGS PER SHARE:			
Income before extraordinary credit	$ 1.28	$43.28	$49.41
EXTRAORDINARY CREDIT	-	-	8.40
NET INCOME	$ 1.28	$43.28	$57.81

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
STATEMENTS OF SHAREHOLDER'S EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Unrealized Appreciation of Equity Securities	Retained Earnings	Total Shareholder Equity
	(In thousands, except for shares issued)					
Balance at January 1, 1990	10,000	$1,000	$1,000	$ 0	$3,813	$5,813
1991 transactions:						
Net Income					578	578
Increase in unrealized appreciation of investments in marketable equity securities				71		71
Parent company forgiveness of surplus notes			3,000		<3,000>	
Balance at December 31, 1991	10,000	1,000	4,000	71	1,391	6,462
1992 Transactions:						
Net Income					541	541
Decrease in unrealized appreciation of investments in marketable equity securities				<14>		<14>
Issuance of 5,000 shares of common stock through a 3 for 2 stock split	5,000	500	<500>			
Balance at December 31, 1992	15,000	1,500	3,500	57	1,932	6,989
1993 Transactions:						
Net Income					19	19
Decrease in unrealized appreciation of investments in marketable equity securities				<13>		<13>
Balance at December 31, 1993	15,000	$1,500	$3,500	$ 44	$1,951	$6,995

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	1993	1992	1991
	(In thousands)		
OPERATING ACTIVITIES			
Net income	$ 19	$ 541	$ 578
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Gain on sale of investments and amortization/accretion of investment premium and discounts	<1,297>	<696>	<474>
Depreciation and amortization	540	313	267
Changes in operating assets and liabilities:			
Decrease (increase) in accrued investment income and other assets	341	138	<674>
Decrease (increase) in intercompany account	649	<474>	<859>
Decrease (increase) in agents' balances	<7>		
(Decrease) increase in future policy benefits	<1,646>	<437>	8,011
(Decrease) Increase in policyholders' funds and claims and other benefits payable	<79>	59	710
(Decrease) increase in accounts payable and accrued expenses	<36>	<451>	493
Increase (decrease) in income taxes payable and deferred income taxes	25	<21>	106
Net cash (used in) provided by operating activities	<1,491>	<1,028>	8,158
INVESTING ACTIVITIES			
Cost of insurance acquired			<1,744>
Purchases of investments:			
Fixed maturities	<13,347>	<12,359>	(19,407)
Equity securities		<1,072>	<2,169>
Sales or maturities of investments	14,860	14,746	16,700
Net (Increase) decrease in policy loans	63	<62>	<688>
Purchase of EDP equipment		<201>	
Net cash provided by (used in) investing activities	1,576	1,052	<7,308>
Net (decrease) increase in cash	85	24	850
Cash at beginning of year	1,209	1,185	335
Cash at end of year	$1,294	$1,209	$1,185

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1--ACCOUNTING POLICIES

Nature of Business: Capital Investors Life Insurance Company (the Company) is a wholly-owned subsidiary of Suncoast Financial Corporation (Suncoast). The Company's primary business is the marketing, underwriting and servicing of life insurance products through Suncoast and its affiliated companies. The Company pays Suncoast and its affiliates an administrative and marketing development fee for such services.

Basis of Presentation: The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) which differ from statutory accounting practices prescribed or permitted by regulatory authorities. The more significant generally accepted accounting principles applied in the preparation of financial statements that differ from life insurance statutory accounting practices prescribed or permitted by regulatory authorities (which are primarily designed to demonstrate solvency) are as follows:

(1) Costs of acquiring new business are deferred and amortized, rather than being charged to operations as incurred.

(2) The liability for future policy benefits and expenses is based on conservative estimates of expected mortality, morbidity, interest, withdrawals, and future maintenance and settlement expenses, rather than on statutory rates for mortality and interest.

(3) The liability for policyholder funds associated with universal life and certain annuity contracts are based on the provisions of Statement of Financial Accounting Standards No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments," rather than on the statutory rates for mortality and interest.

(4) Investments in securities are reported as described in Note 1, rather than in accordance with valuations established by the National Association of Insurance Commissioners ("NAIC").

(5) Deferred income taxes, if applicable, are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

(6) Statutory liabilities for the asset valuation reserve and interest maintenance reserve are not provided.

NOTE 1--ACCOUNTING POLICIES -- Continued

(7) Realized gains or losses on the sale or maturity of investments are included in the statement of operations and retained earnings whereas for statutory accounting purposes, a portion of these would be applied directly to surplus.

(8) Balances relating to reserves ceded to reinsurers and prepaid reinsurance are classified as assets for GAAP. Under statutory accounting practices, related liabilities for future policy benefits and policyholders' funds are reported net of such balances.

(9) Premiums received from policyholders for annuity and other interest sensitive products are treated as deposits for GAAP, while for statutory accounting purposes, such amounts are included in premium and annuity considerations. Cost of insurance and other expense charges related to such interest sensitive products are included in premium income for GAAP.

Investments: Investments are shown on the following basis:

Fixed maturities (bonds, notes, and redeemable preferred stocks)--at cost, adjusted for amortization of premium or discount and other-than-temporary market value declines. The amortized cost of such investments differs from their market values; however, the Company generally has the ability and intent to hold these investments to maturity, at which time the full face value is expected to be realized.

Equity securities (common and nonredeemable preferred stocks)--at current market value.

Policy loans--at the aggregate unpaid principal balances.

Realized gains and losses on sales of investments are recognized in net income on the specific identification basis. Changes in market values of equity securities, after deferred income tax effects, are reported as unrealized appreciation or depreciation directly in shareholder's equity and accordingly have no effect on net income.

Recognition of Revenues: Premiums for traditional life insurance products, which include those products with fixed and guaranteed premiums and benefits and consist principally of whole life insurance policies, limited-payment life insurance policies, certain annuities with life contingencies, and accident and health insurance premiums, are recognized as revenues when due. Revenues for interest sensitive policies and for investment products, which include deferred annuities, consist of policy charges for the cost of insurance, policy administration charges, and surrender charges assessed against policyholder account balances during the period.

NOTE 1--ACCOUNTING POLICIES -- Continued

Cost of Insurance Acquired: Cost of insurance acquired is the amount by which the purchase price of the related business exceeds the net assets acquired. In the case where deposit type contracts have been acquired, the costs of insurance purchases are amortized in proportion to projected future profits on the acquired insurance in force using discount rates equal to the valuation rate used in establishing the related products' reserves. In the case of premium paying traditional life insurance and accident and health insurance contracts, the costs of insurance purchases are amortized in proportion to the related revenue recognized. These assets are stated at a cost of $4,129,367, net of accumulated amortization of $1,199,661 and $781,463 at December 31, 1993 and 1992, respectively.

Intangible Assets: Intangible assets are comprised of organization costs incurred in the start-up phase of the Company and the excess of cost over the fair value of net assets acquired (goodwill). These assets are stated at a cost of $459,662 net of accumulated amortization of $167,242 and $135,997 at December 31, 1993 and 1992, respectively. Amortization is provided using the straight-line method over periods ranging from 5 to 20 years.

Policy Acquisition Costs: Commissions and other costs of acquiring traditional life insurance, interest sensitive insurance and investment products, accident and health insurance, that vary with and are primarily related to the production of new and renewal business have been deferred. Traditional life insurance and accident and health insurance acquisition costs are being amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves. For interest sensitive insurance and investment products, acquisition costs are being amortized generally in proportion to the present value of expected gross profits from surrender charges and investment, mortality, and expense margins. This amortization is adjusted retrospectively when estimates of current or future gross profits to be realized from a group of products are revised.

Future Policy Benefits and Claims and Other Benefits Payable: The liability for future policy benefits for life and annuity policies is based on assumed future investment yields, mortality rates and withdrawal rates giving effect to possible risk of adverse deviation. Investment yield assumptions are graded and range from 6 1/2% to 8%. Policy benefits include the amount of policy claims incurred during the period. The liability for future policy benefits relating to accident and health policies is principally unearned premium reserves.

NOTE 1--ACCOUNTING POLICIES -- Continued

The liability for future policy benefits relating to interest sensitive products consists of accumulated policy values net of applicable surrender charges plus certain deferred policy fees that are recognized in income over the term of the policies. Policy benefits and claims expense include amounts incurred in the period in excess of the related liability for future policy benefits and interest credited to policy account values. Interest for interest sensitive products has been credited at rates which ranged from 3% to 6 1/4% for 1993, and 3% to 5 1/2% for both 1992 and 1991.

Unpaid Claims: Unpaid claims represent the estimated liability for claims reported plus claims incurred but not yet reported.

Reinsurance: Statement of Financial Accounting Standards ("SFAS") No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," is effective for fiscal years beginning after December 15, 1992. SFAS No. 113, which eliminated net reporting of reinsurance amounts in the balance sheet, provides disclosure requirements and guidance on assessing transfer of risk in insurance contracts that apply to ceding and assuming entities and guidance with regard to gain recognition. The Company adopted this pronouncement in 1993.

Income Taxes: In February 1992, the Financial Accounting Standards Board issued SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires a change from the deferred method of accounting for income taxes of Accounting Principles Board ("APB") Opinion No. 11, "Accounting for Income Taxes", to the asset and liability method of accounting for income taxes. Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company adopted SFAS No. 109 effective January 1, 1993.

Pursuant to the deferred method under APB Opinion No. 11, which was applied in 1992 and prior years, deferred income taxes are recognized for income and expense items that are reported in different years for financial reporting purposes and income tax purposes using the tax rate applicable for the year of the calculation. Under the deferred method, deferred taxes are not adjusted for subsequent changes in tax rates.

NOTES TO FINANCIAL STATEMENTS -- Continued

NOTE 1--ACCOUNTING POLICIES -- Continued

Depreciation: Property and equipment is recorded at cost and is depreciated over the estimated lives of the depreciable assets principally under the straight-line method.

Income per Share of Common Stock: Income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year (1993--15,000; 1992--12,500; 1991--10,000).

Cash: Cash includes cash on hand and demand deposits.

Reclassification: Certain prior year balances have been reclassified to conform to the 1993 presentation.

NOTE 2--INVESTMENTS

Major categories of investment income are summarized as follows:

	1993	1992	1991
	(In thousands)		
Fixed maturities	$1,831	$1,981	$1,887
Equity securities	198	159	100
Policy loans	44	60	31
Other	58	39	159
	2,131	2,239	2,177
Investment expenses	58	78	71
Net investment income	$2,073	$2,161	$2,106

Realized gains and unrealized appreciation on fixed maturity and equity security investments are summarized as follows:

	Fixed Maturities	Equity Securities	Net Gains on Investments
	(In thousands)		
1993			
Realized	$1,186	$ 4	$1,190
Unrealized	329	44	373
Combined	$1,514	$ 48	$1,563
1992			
Realized	$ 595	$ 63	$ 658
Unrealized	911	57	968
Combined	$1,506	$120	$1,626
1991			
Realized	$ 352	$ 34	$ 386
Unrealized	736	71	807
Combined	$1,088	$105	$1,193

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NOTE 2--INVESTMENTS-Continued

Proceeds from sale of equity securities and fixed maturities and related realized gains and losses are as follows:

	1993	1992	1991
		(In thousands)	
Proceeds from the sale of equity securities	$ 200	$ 996	$ 458
Proceeds from the sale of fixed maturities	$14,660	$13,751	$5,236
Equity securities:			
Gross realized gains	4	63	34
Gross realized losses	-	-	-
Fixed maturities:			
Gross realized gains	1,292	608	366
Gross realized losses	<106>	<13>	<14>
	$1,190	$ 658	$ 386

At December 31, 1993, gross unrealized appreciation pertaining to equity securities was $44,000.

No investment in any person or its affiliates exceeded 10% of shareholders' equity at December 31, 1993.

The Company is required to maintain funds on deposit with various regulatory authorities to comply with applicable state insurance regulations. Fixed maturities totaling aproximately $1,254,000 and $1,321,000 at December 31, 1993 and 1992, respectively, were on deposit with various state Insurance Departments to comply with those requirements.

NOTES TO FINANCIAL STATEMENTS--Continued

NOTE 2--INVESTMENTS--Continued

The amortized cost and estimated market value of fixed maturities at December 31, 1993 and 1992 are as follows:

	Amortized cost	Gross unrealized gain	Gross unrealized loss	Market value
		(In thousands)		
December 31, 1993:				
Corporate securities	$12,067	$ 638	$<443>	$12,262
U.S. government obligations	6,881	76	<10>	6,947
Public utilities	2,252	168	<100>	2,320
	$21,200	$ 882	$ <553>	$21,529
December 31, 1992:				
Corporate securities	$14,892	$ 792	$<109>	$15,575
U.S. government obligations	1,918	100	-	2,018
Public utilities	4,460	155	<27>	4,588
	$21,270	$1,047	$<136>	$22,181

The amortized cost and estimated market values of fixed maturities at December 31, 1993, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 1993	
	Amortized cost	Market value
	(In thousands)	
Maturity		
1994	$ 5,428	$ 5,433
1995-1998	4,062	4,432
1999-2003	8,795	8,669
2004 and after	2,770	2,832
	21,055	21,366
Mortgage-backed securities	145	163
	$21,200	$21,529

NOTE 3--TRANSACTIONS WITH PARENT AND AFFILIATES

The Company, Suncoast, and affiliates share common officers, directors, employees, and facilities. Effective June 30, 1991, the Company entered into a management, services and equipment agreement with an affiliate. The agreement provides that the affiliate will provide the Company with staffing, equipment and facilities, including computer time, programming and processing as is necessary to service all of the contracts or policies of insurance assumed and administered by the Company. As consideration for services, the Company pays the affiliate an annual fee based on a per-policy fee basis, that varies by policy type. The agreement contains no specified termination date, but may be canceled by either party by giving written notice three months in advance of the planned cancellation.

The Company has contracted with an affiliate as a managing general agent to procure applications for policies written by the Company. The agreement contains no specified termination date, but may be canceled by either party by giving written notice thirty days prior to the planned cancellation. The Company has also entered into a marketing development agreement with this affiliate. The agreement also contains no specified termination date, but may be canceled by either party by giving written notice ninety days prior to the planned cancellation. As consideration for services provided in the foregoing agreements, the Company pays the affiliate a commission based on a percentage of premium which varies by policy type.

The receivable from Suncoast and affiliates is the result of cash advances to Suncoast and its affiliates over the last five years. In 1993 the Company's interest accrual on the Surplus Debenture was offset against the receivable (see note 7).

The Company paid as expenses for the years ending December 31, 1993, 1992 and 1991, the following fees to Suncoast and affiliates:

	December 31,		
	1993	1992	1991
	(In thousands)		
Administrative and marketing development fees	$ 773	$ 858	$ 982
Interest expense	1,128	--	--
Total	$1,901	$ 858	$ 982

NOTE 4--FEDERAL INCOME TAXES

The Company adopted SFAS No. 109 as of January 1, 1993. The cumulative effect of this change has had no affect on the accompanying financial statements. Prior years financial statements have not been restated to apply the provisions of SFAS 109.

Federal income tax expense consists of the following components:

	1993	1992	1991
	(In thousands)		
Current	$ 0	$120	$107
Deferred	57	0	0

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Total	$ 57	$120	$107
	====	====	====

NOTE 4--FEDERAL INCOME TAXES --Continued

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense is (in thousands except for percent information):

	1993 Amount	1993 Percent	1992 Amount	1992 Percent	1991 Amount	1991 Percent
Tax at U.S. statutory rates	$ 26	34%	$225	34%	$204	34%
Small life insurance company deduction	--	--	<179>	<27%>	<160>	<27%>
Non-deductible expenses-amortization of intangibles	41	54%	96	15%	91	15%
Other	<10>	<13%>	<22>	<4%>	<28>	<4%>
	$ 57	75%	$120	18%	$107	18%

NOTE 4--FEDERAL INCOME TAXES--Continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1993 are presented below in thousands of dollars:

Deferred tax assets:	
Difference between book and tax bases of:	
Cost of insurance acquired	$192
Deferred policy acquisition costs	45
Fixed assets	--
Total deferred tax assets	237
Deferred tax liabilities:	
Difference between book and tax bases of:	
Liability for future policy benefits	264
Fixed maturities	25
Total deferred tax liabilities	289
Net deferred tax liability	$ 52

A portion of the life insurance subsidiary's income earned prior to 1984 was not subject to current taxation but was accumulated, for tax purposes, in a "policyholders' surplus account." Under provisions of the Tax Reform Act of 1984, the policyholders' surplus account was frozen at its December 31, 1983 balance. That amount is not taxable unless it exceeds certain limitations under the Internal Revenue Code. At December 31, 1993, the balance in the policyholders' surplus account was $3,365,000. The Company does not intend to take actions nor does it expect any events to occur that would cause tax to be payable on this amount; therefore, no income tax provision has been made for those purposes. However, if such taxes were assessed, the amount would be $1,144,000.

Income taxes paid totalled $28,000, $127,000, and $-0- in 1993, 1992, and 1991, respectively.

NOTE 5--SUPPLEMENTAL FINANCIAL STATEMENT DATA

Details of certain balance sheet and income statement account balances are as follows:

	December 31, 1993	December 31, 1992
	(In thousands)	
Balance Sheets:		
Other policyholders' funds:		
Dividend accumulations	$606	$644
Endowment accumulations	298	297
Deposit funds	46	38
Total	$950	$979

	Year Ended December 31, 1993	1992	1991
	(In thousands)		
Income Statements:			
Underwriting, acquisition, and insurance expenses:			
Amortization of cost of insurance acquired	$ 418	$ 251	$ 236
Other operating expenses	1,377	1,645	1,431
Total	$1,795	$1,896	$1,667

NOTE 6--REINSURANCE

The Company has entered into a co-insurance agreement with an unaffiliated insurance company under which the Company assumed 100% of the risk for certain life insurance policies and certain other policy-related liabilities of the insurance company. The Company has also entered into a modified co-insurance arrangement, for statutory purposes, with an unaffiliated insurance company. Because this modified co-insurance agreement does not meet risk transfer requirements for generally accepted accounting principles, its effects have been excluded from the accompanying financial statements.

In addition to these two major co-insurance agreements, the Company is involved in a variety of reinsurance arrangements, whereby it has ceded a portion of its exposure for life and accident and health policies. Ceded insurance is treated as a risk and liability of the assuming companies. The portion of risks exceeding the Company's retention limit is reinsured with other insurers. Reinsured risks would give rise to liability to the Company only in the event that the reinsuring company might be unable to meet its obligations under the reinsurance agreement in force, as the Company remains ultimately liable for such obligations.

The following is a summary of the effects of reinsurance for 1993, 1992 and 1991 and as of December 31, 1993 and 1992:

	December 31,		
	1993	1992	1991
	(In thousands)		
Ceded:			
Premium income	$ 67	$ 90	$ 43
Liability for future policy benefits at year end	$ 39	$ 57	
Assumed:			
Premium income	$460	$526	$353
Liability for future policy benefits at year end	$7,906	$11,019	

NOTE 7--DEBT

On January 30, 1989, the Company executed a $8,700,000 Loan Agreement ("Surplus Debenture") with Suncoast Financial Corporation, the Company's parent. The interest rate on the Surplus Debenture is prime plus 1.0% per annum on the unpaid principal balance. The principal and interest does not form a part of the legal liabilities of the Company for statutory purposes and may be repaid only out of capital stock and surplus with the prior approval of the Department of Insurance ("The Department"). On December 31, 1993 and 1992, the unpaid principal pursuant to the agreement was $2,000,000. During 1993 the Company, with the prior approval of the Department, recorded $1,127,675 in interest expense on the Surplus Debenture.

NOTE 8--FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

At December 31, 1993 and 1992, the Company held unrated or less-than-investment grade debt securities of $750,000 and $350,000 net of allowances for losses, with an aggregate market value of $338,907 and $350,000, respectively. Those holdings amounted to 5.2% and 5.2% of fixed maturities and 3.5% and 3.4% of total assets at December 31, 1993 and 1992, respectively.

NOTE 9--SHAREHOLDER'S EQUITY

Generally, the net assets of the Company available for transfer to Suncoast are limited to the amounts that the Company's net assets, as determined in accordance with statutory accounting practices, exceed minimum statutory capital requirements; however, payments of such amounts as dividends may be subject to approval by regulatory authorities. As a result of such restrictions, the Company generally may not pay a dividend without prior approval of the Department.

The Company's outstanding shares have been pledged as collateral for a bank loan to Suncoast. The outstanding loan amounts as of December 31, 1993 and 1992 were $2,698,000 and $3,148,000 respectively.

NOTE 10--STATUTORY NET INCOME, CAPITAL AND SURPLUS

Shareholder's equity and net income, as reported to the domiciliary state insurance department (Florida) in accordance with its prescribed or permitted statutory accounting practices, for the Company are summarized as follows:

	December 31, 1993 (In thousands)	December 31, 1992 (In thousands)
Shareholder's equity:	$3,018	$5,245

	Year ended December 31, 1993 (In thousands)	1992	1991
Net income:	$<963>	$140	$559

The Florida Insurance Department imposes minimum risk-based capital requirements on insurance enterprises that were developed by the NAIC. The formulas for determining the amount of risk-based capital ("RBC") specify various weighing factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Based on calculations using the appropriate NAIC formula, the Company exceeded the RBC requirements at December 31, 1993.

NOTE 11--COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is involved in various pending or threatened proceedings, which involve routine litigation relating to insurance risk underwritten by the Company and other contractual matters. Management of the Company does not believe any of the pending or threatened proceedings will have a material effect on the Company's financial statements or results of operations.

NOTE 12--NEW PRONOUNCEMENTS BY THE FINANCIAL ACCOUNTING STANDARDS BOARD

The Financial Accounting Standards Board issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", effective for fiscal years beginning after December 15, 1993. SFAS No. 115 addresses the accounting and reporting for investments in equity securities that have readily determinable fair market values and for all investments in fixed maturities. This pronouncement will be adopted prospectively and will require that these investments be categorized as (1) held to maturity, (2) trading or (3) available for sale.

While the Company has not yet adopted this pronouncement, it is expected that the effect of adopting it will be to record fixed maturities available for sale at market, with the related unrealized gain of approximately $329,000, net of deferred federal income taxes and a valuation allowance against deferred policy acquisition costs, included in shareholder's equity. The valuation allowance against deferred acquisition costs represents the estimated additional amortization of costs associated with interest sensitive products when such gains are realized. Had this pronouncement been adopted as of December 31, 1993, shareholder's equity would have been approximately $7,324,000.

In December 1991, SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," was issued. SFAS No. 107 was effective for years ending after December 15, 1992, except for entities, such as the Company, with less than $150 million in total assets in the applicable 1992 statement of financial position, for which the effective date is fiscal year ending after December 15, 1995. As required by SFAS No. 107, the Company will have to disclose the fair value of all financial instruments, except for those financial instruments specifically excluded, for which it is practicable.

NOTE 13--SUBSEQUENT EVENT

Effective December 21, 1994, Security National Financial Corporation (Security National) purchased all of the outstanding shares of common stock of the Company. As consideration for the purchase of the shares of the Company, Security National provided the following (i) $5,231,000 in cash, (ii) 40,000 shares of Security National's Class A Common Stock, and (iii) a profit sharing agreement providing for 33 1/3% of the profits from new post-closing sales of existing Company's plans of insurance to be paid as earned. As a result of the acquisition the Company was redomesticated to Utah on December 28, 1994.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
CONDENSED BALANCE SHEET (UNAUDITED)

	September 30, 1994 (In thousands, except per share data)
ASSETS	
Investments:	
Fixed maturities-at amortized cost (market: $19,701)	$21,204
Equity securities-at market (cost: $1,958)	1,810
Policy loans	885
TOTAL INVESTMENTS	23,899
Cash	216
Accrued investment income	451
Federal income tax receivable	44
Receivable from parent and affiliates	2,127
Cost of insurance acquired and deferred policy acquisition costs	2,684
Property and equipment-at cost, less accumulated depreciation of $229	83
Intangibles, net	269
Other assets	3
	$29,776

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
CONDENSED BALANCE SHEET (UNAUDITED)--CONTINUED

	September 30, 1994 (In thousands, except per share data)
LIABILITIES AND SHAREHOLDER'S EQUITY	
LIABILITIES	
Policy liabilities and accruals:	
Future policy benefits, claims and losses	$19,822
Unearned premiums	402
Other policy claims and benefits payable	140
	20,364
Other policyholders' funds	889
Other liabilities	58
Surplus debentures payable	2,000
	23,311
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDER'S EQUITY	
Common Stock, $100 par value: Authorized--50,000 shares Issued and outstanding-- 15,000 shares	1,500
Additional paid-in capital	3,500
Unrealized depreciation of marketable equity securities, less applicable deferred taxes	<148>
Retained earnings	1,613
	6,465
	$29,776

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	Nine Months Ending September 30, 1994	1993
	(In thousands, except per share data)	
REVENUES		
Traditional life and other insurance premiums	$1,110	$1,191
Net investment income	1,269	1,661
Realized losses on investments	<280>	
Other	3	8
	2,102	2,860
BENEFITS, LOSSES, AND EXPENSES		
Benefits, claims and losses	1,261	1,270
Underwriting, acquisition, and insurance expenses	1,231	1,244
Interest expense		
	2,492	2,514
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES	<390>	346
Federal income tax benefit	<52>	-
NET INCOME (LOSS)	$ <338>	$ 346
Net Income (loss) per Common Share	$<22.53>	$ 23.03

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
CONDENSED STATEMENTS OF SHAREHOLDER'S EQUITY (UNAUDITED)
(In Thousands, except for shares issued)

	Balance at 12/31/93	Net Income	Decrease in Market Value	Balance at 9/30/94
Common Stock				
Shares	15,000			15,000
Amount	$1,500			$1,500
Additional Paid-In Capital	3,500			3,500
Unrealized Appreciation (Depreciation) of Equity Securities	44		<192>	<148>
Retained Earnings	1,951	<338>		1,613
Total Shareholder's Equity	$6,995	$ <338>	$ <192>	$6,465

See notes to financial statements.

CAPITAL INVESTORS LIFE INSURANCE COMPANY
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ending September 30, 1994	Nine Months Ending September 30, 1993
	(In thousands)	
OPERATING ACTIVITIES		
Net income (loss)	$ <338>	$ 346
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain (loss) on sale of investments and amortization/accretion of investment premium and discounts	258	<187>
Depreciation and amortization	354	245
Changes in operating assets and liabilities:		
Decrease (increase) in accrued investment income and other assets	<17>	96
Increase in intercompany account	<144>	<212>
Decrease (increase) in agents' balances	4	<9>
Decrease in future policy benefits	<537>	<1,573>
Decrease in policyholders' funds and claims and other benefits payable	<110>	<50>
(Decrease) increase in accounts payable and accrued expenses	10	<3>
Decrease in income taxes payable	<96>	<28>
Net cash used in operating activities	<616>	<1,375>
INVESTING ACTIVITIES		
Purchases of investments	<6,982>	<3,380>
Sales or maturities of investments	6,500	3,771
Net decrease in policy loans	20	70
Net cash provided by (used in) investing activities	<462>	461
Net decrease in cash	<1,078>	<914>
Cash at beginning of year	1,294	1,209
Cash at end of year	$ 216	$ 295

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Note 1: Capital Investors Life Insurance Company (the Company) is a wholly-owned subsidiary of Suncoast Financial Corporation (Suncoast). The primary business activities are the marketing, underwriting and servicing of life insurance products through Suncoast and its affiliated companies. The Company pays an administrative and marketing fee to Suncoast and its affiliates for these services. The accompanying unaudited interim financial statements for the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However these financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The operating results are not indicative of the results which might be expected for a twelve month period. Footnote disclosures which would substantially duplicate the footnotes included in the 1993 audited financial statements have been omitted. Please refer to the footnotes of the 1993 financial statements included elsewhere herein.

Note 2: Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities", was adopted by the Company as of January 1, 1994. In accordance with SFAS No. 115, the Company's prior-year financial statements have not been restated to reflect the change in accounting principle. Under SFAS No. 115, securities are classified as available-for-sale, held-to-maturity, or trading. The Company has classified all of its fixed maturities security portfolio as "held-to-maturity" and equity securities as "available for sale". Securities classified as available for sale are carried at fair value and unrealized gains and losses on such securities are reported as a separate component of stockholder's equity. Securities classified as held-to-maturity are carried at cost, adjusted for amortization of premium or discount.

Note 3: The Company paid as expenses to Suncoast and its affiliates for the nine months ending September 30, 1994 and 1993 $531,000 and $584,000 respectively for administrative and marketing development services.

Note 4: Effective December 21, 1994, Security National Financial Corporation (Security National) purchased all of the outstanding shares of common stock of the Company. As consideration for the purchase of the shares of the Company, Security National provided the following (i) $5,231,000 in cash, (ii) 40,000 shares of Security National's Class A Common Stock, and (iii) a profit sharing agreement providing for 33 1/3% of the profits from new post-closing sales of existing Company's plans of insurance to be paid as earned. As a result of the acquisition the Company was redomesticated to Utah on December 28, 1994.

Item 7 (b). Pro Forma Financial Information.

On December 21, 1994 Security National Financial Corporation (SNFC) purchased all of the outstanding shares of Capital Investors Life Insurance Company (CILIC) for cash and stock of SNFC. In the acquisition SNFC issued 40,000 shares of Class A Common Stock and made a cash payment of $5,231,000 of which $2,700,000 was from long term bank debt.

The accompanying unaudited pro forma condensed consolidated financial statements give effect to the acquisition of CILIC by SNFC. The adjustments to the pro forma condensed consolidated balance sheet assume that the acquisition took place on September 30, 1994, while the adjustments to the pro forma condensed consolidated statements of income assume that the acquisition was consummated on the first day of the year ended December 31, 1993. The pro forma adjustments and the assumptions on which they are based are described in the accompanying notes to pro forma condensed consolidated financial statements.

The pro forma information for SNFC is taken from the Form 10-Q and Form 10-K as filed with the Securities and Exchange Commission for the third quarter ended September 30, 1994 and year ended December 31, 1993. The pro forma information for CILIC is obtained from the financial statements presented elsewhere in this Form 8-k filing. The pro forma condensed consolidated financial statements are presented for illustrative purposes only and should be read in conjunction with the financial statements referred to in the two preceeding sentences.

The pro forma condensed consolidated financial statements are not necessarily indicative of the results that actually would have occurred if the acquisition had been in effect as of and for the period presented or that may be achieved in periods subsequent to the acquisition.

In addition to the consideration described in the first paragraph, SNFC has entered a profit sharing agreement with Suncoast Financial Corporation, the former sole shareholder of CILIC, providing for 33 1/3% of the profits from new post-closing sales of existing CILIC plans of insurance to be paid as earned. Based upon 1993 new sales, management of SNFC believes future consideration pursuant to this agreement will be nominal, if any, and therefore no adjustments have been made to reflect this agreement in the pro forma condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1994
(In Thousands)
(Unaudited)

	Security National Financial Corporation	Capital Investors Life Insurance	Pro Forma Adjustments	Pro Forma Consolidated
Fixed maturities at amortized cost	$ 19,646	$ 21,204	$(1,503) (b)	$ 39,347
Equity securities at market	2,584	1,810		4,394
Mortgage loans	13,667			13,667
Real Estate	7,568			7,568
Other invested assets	11,118	885	(2,531) (a)	9,472
Total investments	54,583	23,899	(4,034)	74,448
Cash	2,199	216		2,415
Receivables, net	3,623	2,622	(2,000) (b)	4,245
Land and improvements	6,882			6,882
Deferred acquisition costs and cost of insurance acquired	4,970	2,684	3,519 (c)	
			(2,684) (c)	8,489
Property, plant and equipment, net	4,608	83	150 (b)	4,841
Other assets	1,803	272	(272) (b)	1,803
Total assets	$78,668	$29,776	$(5,321)	$103,123
Policyholder obligations	$39,357	$19,822	$ (400) (d)	$ 58,779
Bank loans payable	4,933		2,700 (a)	7,633
Notes and contracts payable	2,834	2,000	(2,000) (g)	2,834
Estimated future costs of pre-need sales	6,308			6,308
Other liabilities	5,940	1,489	844 (e)	8,273
Total liabilities	59,372	23,311	1,144	83,827
Common stock	7,565	1,500	80 (a)	
			(1,500) (f)	7,645
Paid in capital	6,752	3,500	80 (a)	
			(3,500) (f)	6,832
Unrealized appreciation (depreciation) on investments	416	(148)	148 (f)	416
Retained earnings	6,202	1,613	(160) (a)	
			(1,613) (f)	6,042
Treasury stock at cost	(1,639)			(1,639)
Total stockholders' equity	19,296	6,465	(6,465)	19,296
Total liabilities and stockholders' equity	$ 78,668	$29,776	$(5,321)	$103,123

See notes to pro forma condensed consolidated financial statements.

Security National Financial Corporation
Pro Forma Condensed Consolidated Statement of Income
For the Nine Months Ended September 30, 1994
(In Thousands)
(Unaudited)

	Security National Financial Corporation	Capital Investors Life Insurance	Pro Forma Adjustments		Pro Forma Consolidated
Revenue:					
Premiums	$ 3,595	$ 1,110			$ 4,705
Investment income	2,913	1,269	(76)	(j)	
			113	(i)	4,219
Realized gains (losses)	387	(280)			107
Mortuary and cemetery income	4,434				4,434
Other	1,233	3			1,236
Total revenue	12,562	2,102	37		14,701
Benefits and Expenses:					
Death and policy benefits	1,986	1,261			3,247
Increase in future policy benefits	1,428		21	(l)	1,449
Amortization of DPAC	756	301	(301)	(k)	
			252	(k)	1,008
General and administrative expenses	5,990	930	(531)	(m)	6,389
Interest Expense	524		182	(h)	706
Cost of mortuary and cemetery lots and services	1,325				1,325
Total benefits and expenses	12,009	2,492	(377)		14,124
Earnings before income tax expense	553	(390)	414		577
Income tax expense (benefit)	155	(52)	116	(o)	219
Net earnings	398	(338)	298		358
Earnings per share	0.12				0.11
Average number of shares outstanding	3,271				3,311

See notes to pro forma condensed consolidated financial statements.

Security National Financial Corporation
Pro Forma Condensed Consolidated Statement of Income
For the Twelve Months Ended December 31, 1993
(In Thousands)
(Unaudited)

	Security National Financial Corporation	Capital Investors Life Insurance	Pro Forma Adjustments	Pro Forma Consolidated
Revenue:				
Premiums	$ 4,777	$ 1,373		$ 6,150
Investment income	3,473	2,073	(101) (j)	
			150 (i)	5,595
Realized gains (losses)	751	1,190		1,941
Mortuary and cemetery income	6,085			6,085
Other	1,410	1		1,411
Total revenue	16,496	4,637	49	21,182
Benefits and Expenses:				
Death and policy benefits	2,415	1,638		4,053
Increase in future policy benefits	2,005		42 (l)	2,047
Amortization of DPAC	943	450	(450) (k)	
			365 (k)	1,308
General and administrative expenses	7,098	1,345	(666) (m)	7,777
Interest Expense	675	1,128	(1,128) (n)	
			243 (h)	918
Cost of mortuary and cemetery lots and services	1,890			1,890
Total benefits and expenses	15,026	4,561	(1,594)	17,993
Earnings before income tax expense	1,470	76	1,643	3,189
Income tax expense	388	57	460 (o)	905
Minority interest	2			2
Net earnings	$ 1,084	$ 19	$ 1,183	$ 2,286
Earnings per share	$ 0.33			$ 0.70
Average number of shares outstanding	3,246			3,286

See notes to pro forma condensed consolidated financial statements.

Security National Financial Corporation
Notes to Pro Forma Condensed
Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited pro forma condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for pro forma financial information and with the instructions to Form 8-K and Article 11 of Regulation S-X. The acquisition will be accounted for as a purchase by SNFC. The pro forma adjustments presented are estimates as of the periods presented and do not necessarily reflect the actual amounts that will be booked on the actual purchase date and subsequent periods. In the opinion of management all significant adjustments required for an appropriate pro forma presentation have been included.

Note 2. Pro Forma Adjustments

The following pro forma adjustments are made to the unaudited consolidated condensed balance sheet as if the acquisition and related transactions occurred September 30, 1994. Reference numbers correspond to those on the statement.

a. To reflect the issuance of 40,000 shares of Class A Common Stock of SNFC, the payment of $2,531,000 in cash and the borrowing of $2,700,000 from a bank, to acquire the outstanding shares of CILIC.

b. To adjust assets of CILIC to market value as of the date of acquisition.

c. To eliminate CILIC's historical deferred policy acquisition costs and establish a new asset representing the present value of future profits on the insurance contracts acquired.

d. To reflect CILIC's policy liabilities based on current actuarial assumptions.

e. To accrue certain nonrecurring expenses that include but are not limited to, costs of moving CILIC's administrative functions to Salt Lake City, Utah, attorney and accounting fees, acquisition finder fees, and other acquisition related costs.

f. To eliminate CILIC's historical equity.

g. To eliminate CILIC's surplus debenture which is payable to SNFC.

Note 2. Pro Forma Adjustments - Continued

The following pro forma adjustments are made to the unaudited condensed consolidated statements of income as if the CILIC's acquisition and related transactions occurred at the beginning of the periods presented. Reference numbers correspond to those presented on the statements.

h. To reflect SNFC's interest expense on the $2,700,000 borrowed to partially finance the CILIC acquisition.

i. To reflect the amortization of premiums and accretion of discounts on investments based on purchased values.

j. To reflect investment income lost on the $2,531,000 cash paid by SNFC to finance the acquisition of CILIC.

k. To eliminate CILIC's amortization of deferred policy acquisition costs and cost of insurance acquired and reflect the amortization of the new cost of insurance acquired established by SNFC.

l. To reflect the increase policy benefits due to revaluation of policy liabilities to fair value at the acquisition date.

m. To reflect decreases in operating expenses due to moving CILIC's administrative functions to Salt Lake City, Utah.

n. To eliminate interest expense on CILIC's surplus debenture to SNFC.

o. To reflect the tax effect for the pro forma adjustments.