

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

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

For Quarter Ended March 31, 2003

Commission File Number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION
Exact Name of Registrant.

UTAH

87-0345941

(State or other jurisdiction
of incorporation or organization)

IRS Identification Number

5300 South 360 West, Salt Lake City, Utah

84123

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including Area Code (801) 264-1060

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

YES NO

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

Class A Common Stock, \$2.00 par value -----	4,705,586 -----
Title of Class	Number of Shares Outstanding as of March 31, 2003

Class C Common Stock, \$.20 par value -----	6,105,726 -----
Title of Class	Number of Shares Outstanding as of March 31, 2003

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED MARCH 31, 2003

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1 Financial Statements

Page No.

Consolidated Statement of Earnings - Three months ended
March 31, 2003 and 2002 (unaudited).....3

Consolidated Balance Sheet - March 31, 2003 (unaudited)
and December 31, 20024-5

Consolidated Statement of Cash Flows -
Three months ended March 31, 2003 and 2002 (unaudited).....6

Notes to Consolidated Financial Statements.....7-8

Item 2 Management's Discussion and Analysis.....9-12

Item 3 Quantitative and Qualitative Disclosure of Market Risk.....12

Item 4 Controls and Procedures.....12

PART II - OTHER INFORMATION

Other Information.....12-16

Signature Page.....17

Certifications.....18-19

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

	Three Months Ended March 31,	
	2003	2002
Revenues:		
-----	-----	-----
Insurance premiums and other considerations	\$5,864,427	\$3,322,756
Net investment income	3,920,372	2,923,765
Net mortuary and cemetery sales	2,584,856	2,728,263
Realized gains on investments and other assets	--	719,417
Mortgage fee income	21,755,920	9,865,991
Other	124,122	41,347
	-----	-----
Total revenues	34,249,697	19,601,539
Benefits and expenses:		

Death benefits	3,818,319	1,668,670
Surrenders and other policy benefits	605,156	629,911
Increase in future policy benefits	1,416,571	747,186
Amortization of deferred policy acquisition costs and cost of insurance acquired	958,895	834,527
General and administrative expenses:		
Commissions	15,850,637	7,031,093
Salaries	3,222,391	2,608,950
Other	4,620,111	3,311,341
Interest expense	823,468	322,353
Cost of goods and services sold of the mortuaries and cemeteries	560,867	600,325
	-----	-----
Total benefits and expenses	31,876,415	17,754,356
Earnings before income taxes	2,373,282	1,847,183
Income tax expense	(667,542)	(456,372)
Minority interest (income) loss of subsidiary	(20,690)	(10,950)
	-----	-----
Net earnings	\$1,685,050	\$1,379,861
	=====	=====
Net earnings per common share	\$.32	\$.30
	====	====
Weighted average outstanding common shares	5,284,966	4,673,385
	=====	=====
Net earnings per common share-assuming dilution	\$.31	\$.30
	====	====
Weighted average outstanding common shares assuming-dilution	5,498,651	4,674,697
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	March 31, 2003 (Unaudited)	December 31, 2002
	-----	-----
Assets:		
Insurance-related investments:		
Fixed maturity securities held to maturity, at amortized cost	\$35,768,851	\$33,015,097
Fixed maturity securities available for sale, at market	17,998,141	18,514,943
Equity securities available for sale, at market	2,625,370	2,642,093
Mortgage loans on real estate	19,505,387	21,016,008
Real estate, net of accumulated depreciation and allowances for losses	9,336,433	9,331,248
Policy, student and other loans	10,918,857	10,974,165
Short-term investments	5,575,338	5,335,478
	-----	-----
Total insurance-related investments	101,728,377	100,829,032
Restricted assets of cemeteries and mortuaries	5,431,699	5,332,736
Cash	30,294,752	38,199,041
Receivables:		
Trade contracts	12,949,120	11,358,027
Mortgage loans sold to investors	100,657,578	89,455,105
Receivable from agents	1,764,138	2,054,071
Receivable from officers	62,790	70,290
Other	1,292,982	1,131,977
	-----	-----
Total receivables	116,726,608	104,069,470
Allowance for doubtful accounts	(2,976,832)	(2,385,309)
	-----	-----
Net receivables	113,749,776	101,684,161
Policyholder accounts on deposit with reinsurer	6,911,310	6,955,691
Land and improvements held for sale	8,449,302	8,429,215
Accrued investment income	1,255,826	928,287
Deferred policy and pre-need acquisition costs	16,645,397	15,917,257
Property, plant and equipment, net	10,792,093	10,921,635
Cost of insurance acquired	15,817,011	16,330,711
Excess of cost over net assets of acquired subsidiaries	683,191	683,191
Other	998,556	945,805
	-----	-----
Total assets	\$312,757,290	\$307,156,762
	=====	=====

See accompanying notes to consolidated financial statements.

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

	March 31, 2003 (Unaudited)	December 31, 2002
	-----	-----
Liabilities:		
Future life, annuity, and other policy benefits	\$217,568,462	\$215,980,207
Unearned premium reserve	2,039,584	1,914,700
Bank loans payable	15,721,119	16,113,227
Notes and contracts payable	4,956,957	3,160,009
Deferred pre-need cemetery and funeral contracts revenues and estimated future of pre-need sales	10,187,181	10,002,396
Accounts payable	1,693,510	1,553,777
Funds held under reinsurance treaties	1,325,386	1,334,964
Other liabilities and accrued expenses	12,167,171	10,182,382
Income taxes	8,755,720	8,103,882
	-----	-----
Total liabilities	274,415,090	268,345,544
Commitments and Contingencies	--	--
Minority interest	4,003,817	4,297,807
Stockholders' Equity:		
- - - - -		
Common stock:		
Class A: \$2 par value, authorized 10,000,000 shares, issued 5,858,802 shares in 2003 and 5,794,492 shares in 2002	11,717,604	11,588,984
Class C: \$0.20 par value, authorized 7,500,000 shares, issued 6,177,475 shares in 2003 and 6,182,669 shares in 2002	1,235,494	1,236,533
	-----	-----
Total common stock	12,953,098	12,825,517
Additional paid-in capital	11,516,683	11,280,842
Accumulated other comprehensive income (loss) and other items, net of deferred taxes	(793,415)	1,191,863
Retained earnings	13,439,370	11,992,542
Treasury stock at cost (1,153,216 Class A shares and 71,749 Class C shares in 2003; 1,151,811 Class A shares and 71,749 Class C shares in 2002, held by affiliated companies)	(2,777,353)	(2,777,353)
	-----	-----
Total stockholders' equity	34,338,383	34,513,411
	-----	-----
Total liabilities and stockholders' equity	\$312,757,290	\$307,156,762
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2003	2002
	----	----
Cash flows from operating activities:		
Net cash provided by (used in)		
operating activities	\$(4,971,582)	\$4,914,284
	-----	-----
Cash flows from investing activities:		
Securities held to maturity:		
Purchase - fixed maturity securities	(5,030,844)	--
Calls and maturities - fixed		
maturity securities	2,287,170	2,277,722
Securities available for sale:		
Calls and maturities - fixed		
maturity securities	360,000	300,000
Purchases of short-term investments	(3,158,367)	(1,840,730)
Sales of short-term investments	2,918,507	--
Purchases of restricted assets	(98,963)	(85,994)
Mortgage, policy, and other loans made	(2,023,372)	(256,554)
Payments received for mortgage,		
real estate, policy, and other loans	3,581,015	1,836,530
Purchases of property, plant,		
and equipment	(253,304)	(346,650)
Purchases of real estate	(313,750)	(384,876)
Sale of real estate	230,085	--
	-----	-----
Net cash provided by		
(used in) investing activities	(1,501,823)	1,499,448
	-----	-----
Cash flows from financing activities:		
Annuity receipts	1,454,211	2,504,928
Annuity withdrawals	(2,432,515)	(2,914,325)
Repayment of bank loans and notes and		
contracts payable	(477,780)	(101,120)
Proceeds from borrowings on bank loans		
and notes and contracts payable	--	186,594
Other	25,200	--
	-----	-----
Net cash (used in) provided by		
financing activities	(1,430,884)	(323,923)
	-----	-----
Net change in cash	(7,904,289)	6,089,809
Cash at beginning of period	38,199,041	8,757,246
	-----	-----
Cash at end of period	\$30,294,752	\$14,847,055
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2003, (Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2002, included in the Company's Quarterly Report on Form 10-K (file number 0-9341).

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

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

2. Comprehensive Income

For the three months ended March 31, 2003 and 2002, total comprehensive income amounted to \$1,682,392 and \$1,307,811, respectively.

3. Stock-Based Compensation

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

	Three Months Ended March 31, 2003	2002
Net earnings as reported	\$1,685,050	\$1,379,861
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(133,000)	--
Pro forma net earnings	<u>\$1,552,050</u>	<u>\$1,379,861</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2003
(Unaudited)

Net earnings per common share:		
Basic - as reported	\$0.32	\$0.30
	=====	=====
Basic - pro forma	\$0.29	\$0.30
	=====	=====
Diluted - as reported	\$0.31	\$0.30
	=====	=====
Diluted - pro forma	\$0.28	\$0.30
	=====	=====

4. Earnings Per Share

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

	Three Months Ended March 31, 2003	2002
	-----	-----
Numerator:		
Net income	\$1,685,050	\$1,379,861
	=====	=====
Denominator:		
Denominator for basic earnings per share-weighted-average shares	5,284,966	4,673,385
	-----	-----
Effect of dilutive securities:		
Employee stock options	208,961	1,312
Stock appreciation rights	4,724	--
	-----	-----
Dilutive potential common shares	213,685	1,312
	-----	-----
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	5,498,651	4,674,697
	=====	=====
Basic earnings per share	\$.32	\$.30
	=====	=====
Diluted earnings per share	\$.31	\$.30
	=====	=====

5. Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
	-----	-----	-----	-----	-----
For the Three Months Ended March 31, 2003					
Revenues from external customers	\$7,436,122	\$2,840,813	\$23,972,762	\$ --	\$34,249,697
Intersegment revenues	2,815,728	--	--	(2,815,728)	--
Segment profit (loss)	(112,461)	(97,279)	2,583,022	--	2,373,282
Identifiable assets	296,535,351	42,785,025	18,071,543	(44,634,629)	312,757,290

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2003
(Unaudited)

For the Three Months Ended
March 31, 2002

	Life Insurance -----	Cemetery/ Mortuary -----	Mortgage -----	Reconciling Items -----	Consolidated -----
Revenues from external customers	\$4,873,742	\$3,688,908	\$11,038,889	\$ --	\$19,601,539
Intersegment revenues	1,206,072	--	--	(1,206,072)	--
Segment profit	335,851	970,842	540,490	--	1,847,183
Identifiable assets	201,181,785	39,813,986	5,774,218	(32,523,293)	214,246,696

6. Recent Acquisition

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

Item 2. Management's Discussion and Analysis

Overview

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

During the three months ended March 31, 2003, Security National Mortgage Company ("SNMC") experienced increases in revenue and expenses due to the increase in loan volume of its operations. SNMC is a mortgage lender incorporated under the laws of the State of Utah. SNMC is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SNMC obtains loans primarily from independent brokers and correspondents. SNMC funds the loans from internal cash flows and lines of credit from financial institutions. SNMC receives fees from the borrowers and other secondary fees from third party investors who purchase the loans from SNMC. SNMC sells all of its loans to third party investors and does not retain servicing to these loans. SNMC pays the brokers and correspondents a commission for loans that are brokered through SNMC. SNMC originated and sold 4,126 (\$599,517,000) and 2,194 (\$311,000,000) loans respectively for the three months ended March 31, 2003 and 2002.

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

Results of Operations

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Total revenues increased by \$14,648,000, or 74.7%, to \$34,250,000 for the three months ended March 31, 2003, from \$19,602,000 for the three months ended March 31, 2002. Contributing to this increase in total revenues was an \$11,890,000 increase in mortgage fee income, a \$2,541,000 increase in insurance premiums and other considerations, and a \$996,000 increase in net investment income.

Insurance premiums and other considerations increased by \$2,541,000, or 76.5%, to \$5,864,000 for the three months ended March 31, 2003, from \$3,323,000 for the comparable period in 2002. This increase was primarily due to the additional insurance premiums from the policies acquired in the asset purchase transaction with Acadian Life.

Net investment income increased by \$996,000, or 34.1%, to \$3,920,000 for the three months ended March 31, 2003, from \$2,924,000 for the comparable period in 2002. This increase was primarily attributable to the additional investment income from the assets acquired in the asset purchase transaction with Acadian Life.

Net mortuary and cemetery sales decreased by \$143,000, or 5.3%, to \$2,585,000 for the three months ended March 31, 2003, from \$2,728,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

Realized gains on investments and other assets decreased by \$719,000 or 100.0%, to \$-0- for the three months ended March 31, 2003, from \$719,000 for the comparable period in 2002. This decrease was the result of gains on sale of real estate in 2002.

Mortgage fee income increased by \$11,890,000 or 120.5%, to \$21,756,000 for the three months ended March 31, 2003, from \$9,866,000 for the comparable period in 2002. This increase was primarily attributable to a greater number of loan originations during the three months of 2003 due to lower interest rates resulting in more borrowers refinancing their mortgage loans.

Total benefits and expenses were \$31,876,000, or 93.1%, of total revenues for the three months ended March 31, 2003, as compared to \$17,754,000, or 90.6%, of total revenues for the comparable period in 2002.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of \$2,794,000, or 91.7%, to \$5,840,000 for the three months ended March 31, 2003, from \$3,046,000 for the comparable period in 2002. This increase was primarily due to the additional death benefits, surrenders and other policy benefits from the policies acquired in the asset purchase transaction with Acadian Life.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$124,000, or 14.9%, to \$959,000 for the three months ended March 31, 2003, from \$835,000 for the comparable period in 2002. This increase was primarily due to the additional amortization of deferred policy acquisition costs and cost of insurance acquired from the additional policies acquired in the asset purchase transaction with Acadian Life.

General and administrative expenses increased by \$10,742,000 or 82.9%, to \$23,693,000 for the three months ended March 31, 2003, from \$12,951,000 for the comparable period in 2002. This increase primarily resulted from an increase in commissions and other expenses due to additional mortgage loan originations having been made by the Company's mortgage subsidiary during the three months of 2003.

Interest expense increased by \$501,000, or 155.5% to \$823,000 for the three months ended March 31, 2003, from \$322,000 for the comparable period in 2002. This increase was primarily due to additional warehouse lines of credit required for the additional mortgage loan originations by the Company's mortgage subsidiary.

Cost of goods and services sold of the mortuaries and cemeteries decreased by \$39,000, or 6.6%, to \$561,000 for the three months ended March 31, 2003, from \$600,000 for the comparable period in 2002. This decrease was primarily due to fewer at-need mortuary sales.

Liquidity and Capital Resources

The Company's life insurance subsidiaries and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business, from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investments, or sale of other investments. The mortgage subsidiary realizes cash flow from fees generated by originating and refinancing mortgage loans and interest earned on mortgages sold to investors. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities, which generally are long-term, and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies, the maintenance of existing policies, debt service, and operating expenses.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held-to-maturity in the portfolio to help in this timing; however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products. The Company's investment philosophy is intended to provide a rate of return which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominantly in fixed maturity securities, mortgage loans, and warehouse mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the life insurance subsidiaries amounted to \$53,767,000 as of March 31, 2003, compared to \$51,530,000 as of December 31, 2002. This represents 53% and 51% of the total insurance-related investments as of March 31, 2003, and December 31, 2002, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are nine categories used for rating bonds. At March 31, 2003 and December 31, 2002, 4% (\$1,903,000) of the Company's total investment in bonds were invested in bonds in rating categories three through nine, which are considered non-investment grade.

The Company has classified certain of its fixed income securities, including high-yield securities, in its portfolio as available for sale, with the remainder classified as held to maturity. However, in accordance with Company policy, any such securities purchased in the future will be classified as held to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell short-term investment grade securities before liquidating higher-yielding longer-term securities.

The Company 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 March 31, 2003, and December 31, 2002, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity and bank debt and notes payable was \$55,116,000 as of March 31, 2003, as compared to \$53,787,000 as of December 31, 2002. Stockholders' equity as a percent of capitalization increased to 66% as of March 31, 2003, from 64% as of December 31, 2002.

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

At March 31, 2003, \$21,829,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosure of Market Risk

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

Item 4. Controls and Procedures

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

Part II Other Information:

Item 1. Legal Proceedings

An action was brought against Southern Security Life Insurance Company in July 1999 by Dorothy Ruth Campbell in the Circuit Court of Escambia County, Alabama. The action arose out of a denial of coverage under a \$10,000 insurance policy. The claims were for breach of contract, bad faith and fraudulent misrepresentation. In the action, Campbell sought compensatory and punitive damages plus interest. The case was dismissed by order of summary judgment on January 21, 2003. The appeal time, if appeal is taken, is 42 days.

An action was brought against the Company in May 2001, by Glenna Brown Thomas individually and as personal representative of the Estate of Lynn W. Brown in the Third Judicial Court, Salt Lake County, Utah. The action asserts that Memorial Estates delivered to Lynn W. Brown six stock certificates representing 2,000 shares in 1970 and 1971. Mr. Brown died in 1972. It is asserted that at the time the 2,000 shares were issued and outstanding, such represented a 2% ownership of Memorial Estates. It is alleged Mr. Brown was entitled to preemptive rights and that after the issuance of the stock to Mr. Brown there were further issuances of stock without providing written notice to Mr. Brown or his estate with respect to an opportunity to purchase more

stock. It is asserted among other things that the plaintiff "has the right to a transfer of Brown's shares to Thomas on defendants' (which includes Security National Financial Corporation as well as Memorial Estates, Inc.) books and to restoration of Brown's proportion of share ownership in Memorial at the time of his death by issuance and delivery to Thomas of sufficient shares of defendant's publicly traded and unrestricted stock in exchange for the 2,000 shares of Memorial stock and payment of all dividends from the date of Thomas's demand, as required by Article XV of the Articles of Incorporation." Based on present information, the Company intends to vigorously defend the matter, including an assertion that the statute of limitations bars the claims.

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

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

An action was brought by Bernice Johnson against Southern Security Life Insurance Company in May, 2002 in the Circuit Court of Jefferson County, Alabama, Civil Action No. CV02 2963. The face amount of coverage under the policy is \$15,000. The insured died in July 2001. Claims are made for non-payment of the policy amount. The claims for relief include misrepresentation, mental anguish and emotional distress, fraud, intentional and bad faith non payment of the benefit, intentional and bad faith failure to investigate the claim for benefits, reckless and negligent and wanton action relative to misrepresentation and/or concealment of facts, negligence and the wanton hiring, training and supervision of agent. Compensatory and punitive damages are sought along with interest and costs. An answer has been filed by the Company and discovery is in process. A trial has been set in June, 2003.

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

Item 2. Changes in Securities

NONE

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Security Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits and Reports on Form 8-K

(a)(3) Exhibits:

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

B. Bylaws (1)

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

B. Specimen Class C Stock Certificate (1)

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

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

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

C. 1993 Stock Option Plan (3)

D. 2000 Director Stock Option Plan (5)

E. Deferred Compensation Agreement with William C. Sargent (4)

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

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

H. Deferred Compensation Plan (7)

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

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

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

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

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

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

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

(1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987.

(2) Incorporated by reference from Quarterly Report on Form 10-K, as filed on March 31, 1989.

(3) Incorporated by reference from Quarterly Report on Form 10-K, as filed on March 31, 1994.

(4) Incorporated by reference from Quarterly Report on Form 10-K, as filed on March 31, 1998.

(5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed August 29, 2000, relating to the Company's Quarterly Meeting of Shareholders.

(6) Incorporated by reference from Report on Form 10-K, as filed on April 16, 2001.

(7) Incorporated by reference from Report on Form 10-K, as filed on April 3, 2002.

(8) Incorporated by reference from Report on Form 8-K-A as filed on January 8, 2003.

(9) Incorporated by reference from Report on Form 10-K, as filed on April 15, 2003.

Subsidiaries of the Registrant

(b) Reports on Form 8-K:

Report on Form 8-K, as filed on January 7, 2003 Report on Form 8-K/A, as filed on January 8, 2003 Report on Form 8-K /A-2, as filed on March 10, 2003

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT

SECURITY NATIONAL FINANCIAL CORPORATION
Registrant

DATED: May 20, 2003

By: George R. Quist,

Chairman of the Board and Chief
Executive Officer (Principal
Executive Officer)

DATED: May 20, 2003

By: Stephen M. Sill

Vice President, Treasurer and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

CERTIFICATIONS

I, George R. Quist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) Designed such disclosure controls and procedures 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 in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

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

CERTIFICATIONS

I, Stephen M. Sill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) Designed such disclosure controls and procedures 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 in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

By: Stephen M. Sill
Vice President, Treasurer and
Chief Financial Officer

EXHIBIT 99.1
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10K for the period ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Quist, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

George R. Quist
Chief Executive Officer
May 20, 2003

EXHIBIT 99.2
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10K for the period ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Sill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

Stephen M. Sill
Chief Financial Officer
May 20, 2003