

August 7, 2017

Security National Financial Corporation Partial Explanation of August 4, 2017 8-K

SALT LAKE CITY, Aug. 07, 2017 (GLOBE NEWSWIRE) -- In partial explanation of the August 4th 8-K regarding our financial statements, to address speculation as to the reasons for the 8-K and their effects, Scott Quist, President of Security National (Nasdaq:SNFCA) said, "I think it is important for the investment community and our shareholders to understand what accounting changes are being made. While there are several items that will be addressed, the two major items are the re-characterization of the Company's repurchase warehouse agreements, and the release of a deferred tax valuation allowance.

"The company's outside warehouse lines are, in legal terms, repurchase agreements. We have always treated those agreements as off balance sheet transactions, given their terms where a financed loan is sold then repurchased. The legal terms of those agreements have not changed. The best accounting practice for such agreements has changed and now appears that such agreements should be carried on balance sheet rather than off balance sheet. The repurchase agreements have always been disclosed in the notes to our financial statement. Essentially, we will be increasing assets for loans held for sale, and correspondingly, increasing liabilities for amounts carried under those agreements. In general terms this is not a revaluation of assets previously shown on our balance sheet, but instead is a re-characterization of long standing existing agreements. There are other ramifications to our derivative income calculations when you disregard the repurchase agreement's terms; income will shift between periods, amongst other impacts.

"With regards to the tax valuation allowance, I would note that overall we do not anticipate income to decrease. Release of the tax valuation allowance will change income between periods, and for periods not shown in the current period financials, retained earnings will be adjusted accordingly. As with the repurchase agreement, the tax valuation allowance has always been disclosed in the deferred tax section of our financial statements.

"There are several other lessor changes/reclasses that will affect income between periods. We are working diligently to amend our filings and thus we will not give precise numerical guidance at this time."

If there are any questions, please contact Mr. Garrett S. Sill, Mr. Brian Nelsen or Mr. Scott Quist at:

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Source: Security National Financial Corporation

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