

DYNATRONICS CORP
Form DEFA14A
May 18, 2015

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

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

DYNATRONICS CORPORATION
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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DYNATRONICS CORPORATION
7030 Park Centre Drive
Cottonwood Heights, Utah 84121
(801) 568-7000

May 18, 2015

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Dynatronics Corporation that will be held on Monday, June 29, 2015 at 3:00 p.m., at our corporate headquarters located at 7030 Park Centre Drive, Cottonwood Heights, Utah.

An outline of the business to be conducted at the meeting is given in the accompanying Notice of Annual Meeting and Proxy Statement. In addition to the matters to be voted on, following the meeting there will be a report on our progress and an opportunity for shareholders to ask questions.

Please read and follow the voting instructions in the Proxy Statement to ensure that your shares will be represented. **YOUR SHARES CANNOT BE VOTED UNLESS YOU SIGN, DATE, AND RETURN A PROXY CARD, REGISTER YOUR VOTE BY TELEPHONE, OR ATTEND THE ANNUAL MEETING IN PERSON.**

A copy of our Annual Report to Shareholders is available on the Company's website at www.dynatronics.com. The Annual Report is not a part of the proxy solicitation materials, except to the extent it is incorporated by reference therein.

If you have any questions about the meeting, we invite you to communicate with Bob Cardon, our Vice President of Administration.

Sincerely yours,

/s/ Kelvyn H. Cullimore, Jr.
Kelvyn H. Cullimore, Jr.
Chairman, President and CEO

DYNATRONICS CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held June 29, 2015

TO OUR SHAREHOLDERS:

The Annual Meeting of Shareholders (“Annual Meeting”) of Dynatronics Corporation, a Utah corporation (the “Company”), will be held at the corporate headquarters of the Company located at 7030 Park Centre Drive, Cottonwood Heights, Utah, on Monday, June 29, 2015, at 3:00 p.m. Mountain Daylight Time for the following purposes, all as more fully described in the accompanying Proxy Statement:

1. To elect five directors to hold office until the next annual meeting of the Company’s shareholders or until their respective successors have been elected or appointed and qualified (“Proposal One”);
2. To ratify on an advisory basis the appointment of Mantyla McReynolds LLC as our independent registered public accounting firm for the fiscal year ending June 30, 2015 (“Proposal Two”);
3. To ratify and approve the adoption of the 2015 Equity Incentive Award Plan and awards made under the 2015 Plan (the “2015 Plan”) (“Proposal Three”);
4. To approve (i) the issuance of Common Stock (or securities convertible into or exercisable for Common Stock) representing more than 19.99% of the outstanding Common Stock or voting power of the Company in connection with the Purchase Agreements, and (ii) the issuance of securities of the Company in connection with the Purchase Agreements that could result in a Nasdaq Change of Control, as required by the rules of the NASDAQ Stock Market (the “Nasdaq Rules”), including Nasdaq Rules 5635(b) and 5635(d) (collectively, “Proposal Four,” the “Nasdaq Shareholder Approvals”); and
5. To transact such other business that properly comes before the Annual Meeting or any adjournment or postponements thereof.

Only shareholders of record at the close of business on May 4, 2015, are entitled to notice of, and to vote at, this Annual Meeting and any adjournment thereof. It is important that your shares be represented at the meeting. Please follow the voting instructions in the Proxy Statement, regardless of whether you plan to attend in person. Even if you have given your proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Bob Cardon

Bob Cardon
Vice President of Administration
and Secretary/Treasurer

Cottonwood Heights, Utah
May 18, 2015

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DYNATRONICS CORPORATION

PROXY STATEMENT FOR
2014 ANNUAL MEETING OF SHAREHOLDERS
To Be Held June 29, 2015

This Proxy Statement contains information regarding the Annual Meeting of Shareholders (“Annual Meeting”) of Dynatronics Corporation, a Utah corporation (“we,” “us,” “our,” the “Company” or “Dynatronics”), to be held at 3:00 p.m. Mountain Daylight Time on Monday, June 29, 2015, at our corporate headquarters, 7030 Park Centre Drive, Cottonwood Heights, Utah and at any postponements or adjournments thereof.

A form of proxy is furnished with this Proxy Statement to all shareholders for use at the Annual Meeting. This proxy is solicited on behalf of our Board of Directors (the “Board of Directors”). We will pay the cost of preparing and disseminating this information. In addition to the solicitation of proxies by use of the mail, our directors, officers and employees may solicit proxies personally or by telephone or facsimile or otherwise. Our directors, officers and employees will not be separately compensated for such solicitation services, although we may reimburse them for their out-of-pocket expenses, if any. We may make arrangements with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of the shares of our common stock, no par value (“Common Stock”) held by such persons, and we will reimburse such brokerage firms and others for their expenses incurred in connection therewith.

Please register your vote by following the voting instructions in this Proxy Statement or in the Notice of Internet Availability. Each proxy executed and returned by a shareholder prior to the Annual Meeting will be voted according to the instructions given in the proxy. Your execution of the enclosed proxy will not affect your right as a shareholder to attend the Annual Meeting and to vote in person. Any shareholder giving a proxy may revoke it at any time prior to its use at the Annual Meeting by giving written notice to our Vice President of Administration, by filing a revoking instrument or a duly executed proxy bearing a later date with our Vice President of Administration, or by attending the Annual Meeting and voting in person.

Important Notice Regarding Internet Availability of Proxy Materials

In accordance with rules approved by the Securities and Exchange Commission (“SEC”), instead of mailing a printed copy of the proxy materials to shareholders, we may now furnish proxy materials to shareholders on the Internet by providing to shareholders a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”) when the materials are available on the Internet. If your shares are registered directly in your name with Interwest Transfer Company, our transfer agent, you are considered a shareholder of record. As a shareholder of record at the close of business on May 4, 2015 (the “Record Date”), you should receive either a Notice of Internet Availability, as described more fully below, or a “full set delivery” of our proxy materials, including this Proxy Statement, our Annual Report to Shareholders, and the form of proxy card (the “Full Set Delivery”), in which case you may vote in person at the Annual Meeting or you can complete and sign the enclosed proxy card, and return it to us by mail. If you submit a proxy card, we will vote your shares as you direct. If you submit a proxy card without giving specific voting instructions, those shares will be voted as recommended by the Board.

If your shares are held in a stock brokerage account or by another nominee, you are considered the beneficial owner of those shares, and your shares are held in “street name.” If you hold your shares in “street name,” you will receive instructions from your broker or other nominee describing how to vote your shares. If you do not instruct your broker or nominee how to vote such shares, they may vote your shares as they decide as to each matter for which they have discretionary authority under the rules of the NASDAQ Stock Market (“Nasdaq”). Note that this limitation on the

nominees' discretionary authority may preclude many of these nominees from voting your shares, absent your direction, on Proposal One (election of directors), Proposal Three (the 2015 Plan), and Proposal Four (the Nasdaq Shareholder Approvals).

As an alternative to Full Set Delivery described above, you may receive the Notice of Internet Availability, in which case you will not receive a printed copy of the proxy materials unless you specifically request one. Instead, the Notice of Internet Availability will instruct you on how you may access and review all of the proxy materials and the Annual Report to Shareholders over the Internet, and to register your vote. If you receive a Notice of Internet Availability and would still like to receive a printed copy of all of the proxy materials, including the Proxy Statement and Annual Report to Shareholders, you may request a printed copy by telephone at (800) 874-6251 or by sending an e-mail to our Vice President of Administration and Corporate Secretary, Bob Cardon, at BobC@dynatronics.com.

We intend to commence distribution of the proxy materials and/or the Notice of Internet Availability to shareholders on or about May 18, 2015 and we will first make available the proxy solicitation materials on or about that date at:

<http://corp.dynatronics.com/assets/annualReports/2014.pdf>

<http://corp.dynatronics.com/assets/ProxyStatement.pdf>

<http://corp.dynatronics.com/assets/ProxyCard.pdf>

QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: Why am I receiving this Proxy Statement?

A: You are receiving this material because you are the holder of shares of our Common Stock. Shareholders of record on the Record Date are entitled to receive notice of and to vote at our Annual Meeting, which will be held at 3:00 p.m. on June 29, 2015 at our headquarters.

Q: What will be decided at the Annual Meeting?

A: At the Annual Meeting, shareholders will consider and vote on the following proposals:

- Election of five directors to the Board of Directors to serve until the next Annual Meeting of Shareholders or until their successors have been duly elected or appointed and qualified;
- Ratification on an advisory basis of the selection of Mantyla McReynolds LLC as our independent registered public accounting firm for fiscal year 2015;
- Approval and ratification of the Board's adoption of the Company's 2015 Equity Incentive Award Plan and awards made under such plan;
- Approval of (i) the issuance of Common Stock (or securities convertible into or exercisable for Common Stock) representing more than 19.99% of the outstanding Common Stock or voting power of the Company in connection with the Purchase Agreements, and (ii) the issuance of securities of the Company in connection with the Purchase Agreements that could result in a Nasdaq Change of Control; and
- To transact such other business as may properly come before the meeting or any adjournment or postponements thereof.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this Proxy Statement. If applicable, you should then vote as soon as possible in accordance with the instructions provided in this Proxy Statement, by telephone, by returning a signed proxy card if you receive one as a shareholder of record, or by Internet if that option is available to you.

Q: What is the quorum requirement for the Annual Meeting?

A: The holders of a majority of the shares entitled to vote at the Annual Meeting must be present at the Annual Meeting for the transaction of business. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against or abstained, if you:

- Are present and vote in person at the Annual Meeting; or
- Have voted by telephone or by properly submitting a proxy card or vote instruction form by mail (or via the Internet if available to you).

If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

Q: How are proxies voted?

A: All shares represented by valid proxies received prior to the Annual Meeting will be voted and, where a shareholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the shareholder's instructions. If no instruction is given by the shareholder in a returned proxy card, our directors intend to vote the shares "For" each of the Proposals to be voted upon at the Annual Meeting.

Q: How do I vote?

A: You can vote your shares using one of the following methods:

- Vote by telephone by following the instructions in the Notice of Internet Availability;
- For those shareholders of record who receive the Full Set Delivery of all printed proxy materials, including a form of proxy card for voting (meaning that you hold your shares in your own name, not in the name of a broker, bank, or nominee), you may complete and sign the proxy card, and return it to us by mail;
- If you hold your shares in “street name,” which means your shares are held of record by a broker, bank or nominee, you must follow the instructions received from your broker or nominee (the record holder of your shares) to vote your shares. Please refer to your proxy card or the voting instruction card delivered by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone;
- You may request a printed copy of the proxy card, Proxy Statement, and Annual Report by following the instructions on the Notice of Internet Availability, then complete, sign, and return the proxy card to us by mail; or
 - You may attend and vote your shares in person at the meeting.

If you use telephone voting as your voting method, you do not need to return a proxy card or voting instruction card. Unless you are planning to vote in person at the meeting, your vote must be received by 11:59 p.m. Mountain Daylight Time, on June 25, 2015.

Even if you submit your vote by one of the first four methods mentioned above, you may still vote at the meeting if you are the record holder of your shares or hold a legal proxy from the record holder. Your vote at the meeting will constitute a revocation of any earlier delivered proxy or voting instructions.

Q: What happens if I do not vote?

A: If you are a record holder of your shares and you do not submit a proxy card, vote at the Annual Meeting in person, or register your vote by telephone, your shares will not be counted as present for the purpose of determining the presence of a quorum, and your shares will not be voted at the meeting. If you submit a proxy card and affirmatively elect to abstain from voting, your shares will be counted as present for the purpose of determining the presence of a quorum but will not be voted at the Annual Meeting.

Q: If my Dynatronics shares are held in “street name,” will my broker, bank, or nominee vote my shares for me on all proposals?

A: If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters, as explained below.

Q: What are “broker non-votes”?

If a broker or other financial institution holds your shares in its name and you do not provide voting instructions to it, the broker may vote your shares only on routine matters. When a firm votes a client’s shares on some but not all of the proposals, the missing votes are referred to as “broker non-votes.”

Q: How are broker non-votes and abstentions treated?

A: Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum. Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. In order to minimize the number of broker non-votes, we encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

Q: Which ballot measures are considered “routine” or “non-routine”?

A: The ratification of the appointment of Mantyla McReynolds LLC as the independent registered public accounting firm for the fiscal year ending June 30, 2015 (Proposal Two) is considered a routine matter under applicable rules. Therefore no broker non-votes are expected to exist in connection with this proposal. The remaining proposals (Proposals One, Three and Four) are considered non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on these non-routine matters.

Q: What vote is required to elect directors (Proposal One)?

A: Under Utah law, a nominee who receives a plurality of the votes cast at the Annual Meeting will be elected as a director. The “plurality” standard means the five nominees who receive the largest number of “for” votes (also known as a “plurality” of the votes) will be elected. The number of shares not voted for the election of a nominee (and the number of “withhold” votes cast with respect to that nominee) are not counted and will not affect the determination of whether that nominee has received the necessary votes for election under Utah law. Votes that are withheld will not be included in the vote tally for the election of directors. Abstentions and broker “non-votes” will have no effect on the vote for election of directors.

Q: How many votes are required for approval of Proposals Two, Three and Four?

A: Each of these proposals requires the affirmative vote of a majority of the votes cast by shareholders at the Annual Meeting.

Q: Can I change my vote after I have mailed my signed proxy or direction form?

A: Yes. If you are a record holder, you can change your vote at any time before your proxy is voted at the Annual Meeting by:

- delivering to our Vice President of Administration a signed notice of revocation;
- granting a new, later-dated proxy, which must be signed and delivered to the Vice President of Administration; or
- attending the Annual Meeting and voting your shares in person; however, your attendance alone will not revoke your proxy.

If your shares are held in street name and you have instructed your broker or nominee to vote your shares, you must follow your broker or nominee’s directions in order to change your vote or revoke your proxy.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards for a variety of reasons. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: Who will serve as the inspector of election?

A: A representative from the Company will serve as the inspector of election.

Q: Where can I find the voting results of the Annual Meeting?

A: The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the inspector of election and published by the Company in a Current Report on Form 8-K, which we are required to file with the SEC within four business days following the Annual Meeting.

Q: What if I have questions?

A: If you have any questions about the meeting, require directions to the meeting, or need additional copies of this Proxy Statement or the enclosed proxy card, you should contact:

Dynatronics Corporation
7030 Park Centre Drive
Cottonwood Heights, Utah 84121
Attn: Bob Cardon, Vice President of Administration
Email address: BobC@dynatronics.com

VOTING OF SHARES

Our Board of Directors has fixed the close of business on May 4, 2015 as the “Record Date” for determining the shareholders entitled to receive notice of, and to vote at the Annual Meeting. At the close of business on the Record Date there were 2,520,389 shares of our Common Stock, no par value, issued and outstanding, each such share entitled to one vote. Our common shares are held by approximately 2,200 shareholders of record.

Voting of Proxies

Your shares will be voted as you direct on your signed proxy card. If you do not specify on your proxy card how you want to vote your shares, we will vote signed returned proxies FOR each nominee for director and FOR Proposals Two, Three and Four. We do not know of any other business that may be presented at the meeting. If a proposal other than those listed in the Notice is presented at the Annual Meeting, your signed proxy card authorizes the persons named in the proxy to vote your shares on such matters in their discretion.

Vote Required for Approval

A plurality of the shares voting at the Annual Meeting is required to elect directors. This means that the five nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will be elected.

The affirmative vote of a majority of the shares of Common Stock by shareholders present at the Annual Meeting (in person or by proxy) and entitled to vote is required to approve Proposals Two, Three and Four.

Quorum

The presence at the Annual Meeting, in