

DYNATRONICS CORP
Form 8-K
March 28, 2012

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): March 26, 2012

DYNATRONICS CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------------|---|
| Utah (State or Other Jurisdiction of Incorporation) | 0-12697 Commission File Number | 87-0398434 (IRS Employer Identification Number) |
|---|-----------------------------------|---|

7030 Park Centre Dr., Salt Lake City, Utah
(Address of principal executive offices)

84121
(Zip Code)

Registrant's telephone number, including area code: (801) 568-7000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Contract with Named Executive Officer. On March 26, 2012, with an effective date of March 1, 2012, Dynatronics Corporation (“Registrant”) entered into an employment contract with Kelvyn H. Cullimore, Jr., Chief Executive Officer and President (“Cullimore”). The agreement was approved by the Compensation Committee of the Registrant’s Board of Directors on March 26, 2012. The principal terms and conditions of the contract are as follows:

- The term of the agreement is five years and it is automatically renewed for successive one-year periods unless terminated by either party with written notice given 30 to 90 days prior to the expiration of the current term;
- Cullimore is paid a base salary of \$200,000 per annum, subject to adjustment by the Compensation Committee of the Registrant;
- The compensation includes a grant of 400,000 shares of restricted stock pursuant to a written Restricted Stock Award under the Registrant’s 2005 Equity Incentive Award Plan, such shares vesting annually over a ten-year period at the rate of 40,000 shares per year, commencing on March 1, 2013;
- Cullimore is entitled to participate in the Registrant’s benefits plans, receives the use of a company-owned automobile, and other fringe benefits;
- Cullimore participates in a bonus plan developed for him, as follows:
 - Fiscal Year 2012 and Fiscal Year 2013 Bonuses shall be an amount equal to:
 - A percentage of quarterly pre-tax profit of the Registrant as follows:
 - eight percent (0.08 times) pre-tax profits in excess of \$75,000 up to \$250,000; and
 - twelve percent (0.12 times) pre-tax profits in excess of \$250,000 up to \$400,000; and
 - fourteen percent (0.14 times) pre-tax profits in excess of \$400,000
- In the event of a change of control, under certain conditions, Cullimore will be paid a separation and transition payment as follows:
 - all accrued but unpaid wages through the termination date, based on Cullimore’s then current base salary;
 - a separation payment equal to twelve (12) months of Cullimore’s then current base salary;
 - all accrued but unpaid vacation through the termination date, based on Cullimore’s then current base salary;
 - all approved, but unreimbursed, business expenses, provided that a request for reimbursement of business expenses is submitted in accordance with the Registrant’s policies and submitted within five (5) business days of Cullimore’s termination date; and
 - all earned and accrued but unpaid bonuses.
- In the event of a change of control (as defined in the agreement), under certain circumstances, Mr. Cullimore may receive additional benefits as follows:

- All of Cullimore's outstanding unvested equity-based awards (including, but not limited to, the Restricted Stock Award) granted pursuant to the incentive plans of the Registrant, shall vest and become immediately exercisable and unrestricted, without any action by the Registrant's board or any committee thereof, and
- He will be paid a one-time lump sum bonus in the amount of \$500,000 in connection with the closing of the change of control transaction or in the event of a sale of the Registrant or similar liquidity event.

The description of the agreement and its terms is qualified in its entirety by the form of agreement furnished herewith as an exhibit to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

| Exhibit No. | Description |
|-------------|--------------------------------|
| 10.1 | Executive Employment Agreement |
| 10.2 | Restricted Stock Award |

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.

DYNATRONICS CORPORATION

By: /s/ Terry Atkinson
Terry Atkinson
Chief Financial Officer

Date: March 27, 2012
