

DYNATRONICS CORP
Form 10-Q
May 13, 2014

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

or

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

For the transition period from _____ to _____

Commission File Number: 0-12697

Dynatronics Corporation
(Exact name of registrant as specified in its charter)

Utah 87-0398434
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

7030 Park Centre Drive, Cottonwood Heights, UT 84121
(Address of principal executive offices, Zip Code)

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

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The number of shares outstanding of the registrant's common stock, no par value, as of May 7, 2014 is 2,520,389. In December 2012, the registrant completed a 1-for-5 reverse split of its common stock. All common stock share and per share information in the accompanying report has been adjusted to reflect retrospective application of the reverse stock split, except for par value per share and the number of authorized shares, which were not affected by the reverse stock split.

DYNATRONICS CORPORATION
FORM 10-Q
QUARTER ENDED MARCH 31, 2014

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DYNATRONICS CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

Assets	March 31, 2014	June 30, 2013
Current assets:		
Cash and cash equivalents	\$ 132,394	302,050
Trade accounts receivable, less allowance for doubtful accounts of \$306,985 as of March 31, 2014 and \$247,708 as of June 30, 2013	2,905,918	3,246,712
Other receivables	14,647	27,197
Inventories, net	6,237,266	6,407,553
Prepaid expenses and other	711,416	506,836
Current portion of deferred income tax assets	426,676	389,101
Total current assets	10,428,317	10,879,449
Property and equipment, net	3,070,195	3,324,947
Intangible assets, net	246,600	280,078
Other assets	383,890	422,672
Deferred income tax assets, net of current portion	284,196	197,441
Total assets	\$ 14,413,198	15,104,587
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 308,400	322,573
Line of credit	3,672,793	3,496,390
Warranty reserve	158,244	178,148
Accounts payable	2,308,611	2,751,894
Accrued expenses	260,729	347,221
Accrued payroll and benefits expense	304,681	216,266
Income tax payable	33,203	21,369
Total current liabilities	7,046,661	7,333,861
Long-term debt, net of current portion	1,329,759	1,561,776
Total liabilities	8,376,420	8,895,637
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value: Authorized 50,000,000 shares; 2,520,389 shares and 2,518,904 shares issued and outstanding at March 31, 2014 and June 30, 2013, respectively	7,132,210	7,078,941
Accumulated deficit	(1,095,432)	(869,991)

Total stockholders' equity	6,036,778	6,208,950
Total liabilities and stockholders' equity	\$14,413,198	15,104,587

See accompanying notes to condensed consolidated financial statements.

DYNATRONICS CORPORATION
 Condensed Consolidated Statements of Operations
 (Unaudited)

	Three Months Ended March 31		Nine Months Ended March 31	
	2014	2013	2014	2013
Net sales	\$6,185,642	7,070,292	20,387,856	22,274,637
Cost of sales	3,929,523	4,450,528	12,873,138	13,845,110
Gross profit	2,256,119	2,619,764	7,514,718	8,429,527
Selling, general, and administrative expenses	2,245,595	2,383,871	6,940,427	7,408,257
Research and development expenses	212,905	271,735	766,438	812,382
Operating income (loss)	(202,381)	(35,842)	(192,147)	