Dynatronics Corporate Whistleblower Info

**To All Employees of Dynatronics Corporation:**

I am the Chairperson of the Audit Committee (the Committee) of the Board of Directors of Dynatronics Corporation (the Company). I am sending this letter to all employees of the Company on behalf of the Committee. The purpose of this letter is to inform you of a confidential and anonymous way that you can contact me and the other members of the Committee if you ever have complaints about the way the Company maintains its accounting records, or its financial internal accounting controls, or as to other auditing matters affecting the accurate preparation of its financial statements.

Over the past few years, you have no doubt heard about various corporate scandals in the media involving companies such as Enron and Worldcom. Most of these scandals involved public companies that had engaged in improper or fraudulent accounting as a means to make their financial results look better than they actually were. In response to these scandals, the United States Congress last year adopted the Sarbanes-Oxley Act (the Act). The Act imposes various requirements on public companies, many of which are intended to thwart or penalize accounting fraud.

One important requirement of the Act is that public companies, like Dynatronics, implement a system whereby employees or others may submit complaints or concerns in a confidential and anonymous manner regarding the company’s accounting practices to members of the company’s audit committee. The audit committee of a company is a subset of the board of directors and has the responsibility to oversee the preparation of the company’s financial statements. Another requirement of the Act is that the directors who serve as members of an audit committee must be “independent,” meaning that they cannot be an officer or employee of the company and cannot receive any compensation from the company other than for their service as a director. Congress envisions that these requirements will work together to thwart accounting fraud. If employees can submit their complaints or concerns to independent directors in a confidential and anonymous manner, they are more likely to submit complaints. If the directors who receive such concerns or complaints are not only independent, but are also the ones with the responsibility to oversee preparation of the company’s financial statements, then they are more likely to take appropriate remedial action.

The current members of the Company’s Audit Committee are myself, Erin S. Enright, and Scott A. Klosterman. The Committee has adopted the attached “Policy regarding Complaints to the Audit Committee regarding Accounting and Auditing Matters” (the Policy). I encourage you to read this Policy. It sets forth the manner in which the Committee will receive, retain, and respond to complaints. Most important is the fact that you may submit a complaint anonymously, if you choose. Alternatively, you may make your name known only to members of the Committee. In this instance, as provided by the Policy, the members of the Committee will keep your name confidential, unless you consent in writing.

You may submit a complaint directly to the Audit Committee as follows:

**David B. Holtz**, Chairman of the Audit Committee
*Dynatronics Board of Directors*
**Email:** **whistleblower@dynatronics.com**
**Direct Phone:** 801-727-1731

If you have questions concerning the Policy or the procedure for submitting complaints, please contact me as described above or contact **Beca Mark**, Director of Human Resources, at the Company’s headquarters.

In addition to the above, you should also know that Congress adopted a specific provision of the Act that protects whistleblowers (people making complaints as described above). The Act makes it illegal for a public company or any of its management personnel to fire, demote, or discriminate against a whistleblower because he or she has made a complaint concerning the company. If a company or its management does this, they can be subject to either fines or imprisonment. Also, if a whistleblower is fired, the Act gives the whistleblower the right to sue the former employer for back pay under federal law. Of course, by making an anonymous complaint pursuant to the above procedure, the fact that you have made the complaint will not be known. Moreover, if you make a confidential complaint, your name will not be known outside the members of the Committee. Nevertheless, this additional protection of the Act should bring you additional comfort that in the unlikely event that someone was able to figure out that you had made a complaint his or her retaliation against you would be illegal.

Very truly yours,

David B. Holtz
Chairman of the Audit Committee
Board of Directors
Dynatronics Corporation