



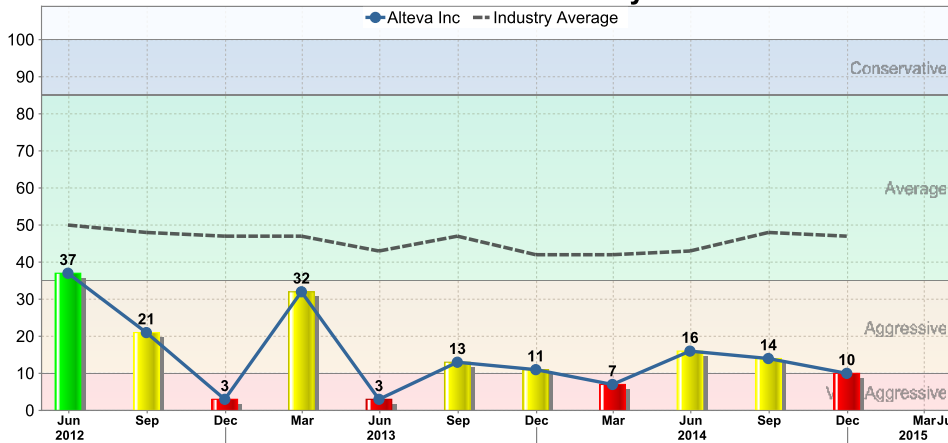
Accounting & Governance Risk Overview

AGR Rating:  
**Very Aggressive (10)**

Country: United States    Sector: Telecommunications Services    Industry: Integrated Telecommunications Services    Market Cap: USD 46.5mm (Nano Cap)  
 Period End: Dec 31, 2014    Statement Filing: Mar 17, 2015 (10-K)    Last Rating Change: Apr 17, 2015    Region: North America

Alteva Inc is currently rated as having **Very Aggressive** Accounting & Governance Risk (AGR®), receiving an AGR score that places them in the **10<sup>th</sup>** percentile among all companies in **North America** rated by GMI, indicating higher accounting and governance risk than 90% of the other companies.

3 Year AGR Score History



GOVERNANCE METRICS

Metric Name	Metric Tests	
	AGR Impact	Company Change
<b>Corporate Governance Events</b>	<b>13%</b>	
Officer Changes		🚩
Filings: Late		🚩
<b>High Risk Events</b>	<b>25%</b>	
Restructuring Flag - Occurred in Last 12 Months		🚩

ACCOUNTING METRICS

Metric Name	Metric Tests	
	AGR Impact	Company Change
<b>Revenue Recognition</b>	<b>19%</b>	
Accounts Receivable/Sales		🚩
<b>Expense Recognition</b>	<b>25%</b>	
Labor Related Expense/Revenue		🚩
<b>Asset-Liability Valuation</b>	<b>18%</b>	
Underfunded Pension Benefit Liab/Revenue		🚩
Asset Turnover		🚩

The GMI Accounting and Governance Risk (AGR) rating is a comprehensive measure of corporate integrity, based on an extensive evaluation of metrics which study financial results and corporate

RISK MODELS

published on Apr 17, 2015

EQUITY RISK FACTOR

Substantially Underperform Market



Worst

Best

Companies with an Equity Risk Factor ranking of 1, as a group, have substantially underperformed the market

The above ranking(s) are from statistical models based on the GMI AGR, and are updated quarterly to reflect the latest available information.

The Litigation Risk Factors are also impacted by company size, industry and recent stock performance. These risk factors are used by insurance companies and auditors, among others, to identify companies at risk.

RECENT EVENTS

since Dec 31, 2014

Company events that occurred after the current period end date that might negatively affect the next period's AGR Rating.

Governance

- Accounting Issues
- D & O & Senior Staff Insider Sales
- Filings: Amended** ✓
- Filings: Late
- Litigation: Class Action
- Litigation: Other Regulatory
- Litigation: SEC Action
- Officer Changes

High Risk Events

- Divestitures Trailing 12 Months
- Exchange Change
- Mergers-Acquisitions Trailing 12 Months
- Restructuring Flag - Occurred in Last 12 Months
- Share Repurchase Program



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behavior. Updated quarterly, the AGR percentile score ranges from 1 - 100, with lower scores representing greater risks; the worst 10% of companies will receive "Very Aggressive" ratings.

By "red-flagging" specific metrics of concern, AGR analysis effectively identifies areas of potential company risk. The table above shows the risk metrics with the greatest negative impact on the company's AGR score.



## Accounting &amp; Governance Metric Definitions

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**Metric Definitions:** The definitions below are for Metrics that GMI has "flagged" as being of concern for potential misreporting. GMI determines Flagged Metrics based on a statistical review of corporate fraud cases to identify Metrics most predictive of fraud and abuse. These Metrics are analyzed for each company, to identify extreme values and flag the outliers. A high number of **Flagged Metrics** leads to a low (poor) AGR Score. The **AGR Impact** number indicates the points deducted for each Flagged Metric.

Please note that all ratings starting with financial reporting periods from June 30, 2013 on will be based on our updated AGR3.0 methodology. Historical ratings shown in various reports are based on the prior version of AGR that was in force at the time the rating was issued.

## GOVERNANCE

Metric Name / Metric Relevance	AGR Impact
<b>Corporate Governance Events</b>	<b>12.9%</b>
<b>Officer Changes</b>	
A high degree of officer turnover in a company is a red flag for corporate governance problems. Reasonably low levels of officer turnover are desirable in public companies in order to preserve the institutional knowledge inside the organization. Although some turnover is normal, a higher rate of officer turnover carries with it a higher probability of irregularities including those related to accounting practices.	
<b>Filings: Late</b>	
Excessive number of late filings of financial statements is a red flag for corporate governance. Such reporting problems often are indicative of broader issues of operational competence or of questions regarding internal accounting systems and policy. If a company requests a late filing of its required reports, this could also indicate that management is trying to manipulate the financial information or is in disagreement with its outside auditors on some issues.	
<b>High Risk Events</b>	<b>25.4%</b>
<b>Restructuring Flag - Occurred in Last 12 Months</b>	
Corporate restructurings are a red flag for one-time event risk. Aggressive expense recognition issues are commonly associated with restructurings. For example, reserves for restructuring can be exaggerated creating current expenses, and used to offset operating expenses in the future. Or current operating expenses can be improperly classified as relating to the restructuring.	

## ACCOUNTING

Metric Name / Metric Relevance	AGR Impact
<b>Revenue Recognition</b>	<b>18.8%</b>
<b>Accounts Receivable/Sales</b>	
Unusual increases in accounts receivable relative to revenues may indicate questionable revenues. Large accounts receivable may indicate underreserving for uncollectible or doubtful accounts. High ratios of receivables to sales, particularly in combination with inventory build-ups, underfunded unearned revenue accounts, or other evidence of account manipulation can be indicative of revenue recognition problems.	
<b>Expense Recognition</b>	<b>25.4%</b>
<b>Labor Related Expense/Revenue</b>	
Comparably low compensation and benefit expenses is a red flag for the possible under-recognition of expenses. Typically, analysts would be concerned about a company's excessive use of stock options as a substitute for cash compensation. Large grants of options or stocks in lieu of direct salary and bonus can distort the true total cost of compensation. Excessive stock grants also can have significant dilutive effect on the company's stock.	
<b>Asset-Liability Valuation</b>	<b>17.6%</b>
<b>Underfunded Pension Benefit Liab/Revenue</b>	
A large underfunded pension plan is a long term drag on profitability, and puts unhealthy pressures on management. An underfunded plan will require increased cash contributions and foreshadows future increases in expenses. Although a position of underfunding is sometimes unavoidable, it often reflects an aggressive style of management and is correlated with other company problems. Companies have come under intense scrutiny in the past few years for accounting issues relating to pensions.	



Accounting & Governance Metric Definitions

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**ACCOUNTING**

Metric Name / Metric Relevance	AGR Impact
<p><b>Asset Turnover</b></p> <p>Low asset turnovers may indicate potential problems in the efficiency of a company's operations. However, be mindful that as a general rule, companies with high profit margins often have low asset turnover, while those with low margins often have high asset turnover. Overvalued assets may be responsible for a low asset turnover figure.</p>	



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**AGR Events:** The Events below are a consolidated and filtered list of the most important corporate news and activities related to accounting and governance risk. Through extensive analysis of historical risk factors, GMI has identified the most important risk indicators, and tracks these Events daily. Events occurring after the latest Period End date have not yet been included in the AGR Score.

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Apr 30, 2015 <b>Amended Filing</b>	<b>The company recently amended a previous filing.</b> The company filed for the period ending 12/31/2014 an Amendment to a previously filed 10-K
Aug 25, 2014 <b>Officer/Director Change, Restructuring or Reorganization, Share Repurchases</b>	<b>Alteva Inc appoints CEO and announces restructuring update, strategic acquisition initiatives and stock buy back.</b> Alteva Inc:Appoints Brian J. Kelley to the position of CEO.Further, company has completed organizational re-alignment and operational restructuring that was started earlier this year.Board authorized repurchase program for up to \$3,000,000 of common stock.Says After careful consideration, and in response to ongoing feedback from broad spectrum of shareholders and in light of company's recent monetization of Orange & Poughkeepsie Partnership interest, Alteva is announcing two strategic initiatives.Company is evaluating selected strategic opportunities to supplement its organic growth potential via acquisition.
May 7, 2014 <b>Officer/Director Change</b>	<b>Alteva Inc announces appointment of interim CEO.</b> Alteva Inc:Appointed board member Brian J. Kelley as its Interim Chief Executive Officer (CEO), effective immediately.
Mar 31, 2014 <b>Officer/Director Change</b>	<b>Alteva Inc terminates employment of David Cuthbert as President and CEO.</b> Alteva Inc:Company terminated employment of David Cuthbert (President and CEO).Board has instituted continuity of leadership through establishment of Office of the CEO which will consist of Brian Callahan, Bill Birnie and Mark Marquez.Office of CEO will report directly to Board of Directors as interim measure.
Mar 18, 2014 <b>Late Filing</b>	<b>The company filed an extension for a previously due financial.</b> The company filed for the period ending 12/31/2013 an Notification that form 10-K will be submitted late
Sep 4, 2013 <b>Divestiture or Spin-Offs</b>	<b>Alteva Inc Announces Sale Of Assets Of USA Datanet.</b> Alteva Inc announced that the sale of substantially all of the assets of its USA Datanet business effective September 1, 2013 to an undisclosed buyer for approximately \$600,000, subject to customary post-closing adjustments.
Aug 7, 2013 <b>Amended Filing</b>	<b>The company recently amended a previous filing.</b> The company filed for the period ending 12/31/2012 an Amendment to a previously filed 10-K
Mar 12, 2013 <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Co Announces Management Change-Form 8-K.</b> Warwick Valley Telephone Co reported in its Form 8-K that on March 5, 2013, Warwick Valley Telephone Company (Company) announced the termination of an employment agreement between the Company and Mr. Albro, dated December 14, 2011, and the departure of Duane W. Albro as Chief Executive Officer (CEO) of the Company, effective immediately. The Company also announced that Mr. Albro will continue to serve as a member of the Company's Board of Directors until his term expires at the Company's 2013 Annual Meeting of Shareholders, which the Company expects will be held in May 2013. David J. Cuthbert, currently the Company's President and Chief Operating Officer, has been appointed as the Company's President and Chief Executive Officer (CEO), effective immediately.
Aug 3, 2012 <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Co Announces Brian H. Callahan as Chief Financial Officer.</b> Warwick Valley Telephone Co announced the resignation of Mr. Ralph Martucci from his position as Executive Vice President, Chief Financial Officer and Treasurer. Mr. Brian H. Callahan has been selected as Mr. Martucci's successor. His appointment is effective August 3, 2012.
Jul 20, 2012 <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Co Appoints David J. Cuthbert as President.</b> Warwick Valley Telephone Co announced the appointment of David J. Cuthbert as President. Mr. Cuthbert will continue to serve as the Company's Chief Operating Officer. The management change effectively separates the president and chief executive officer roles, which had been held by Duane W. Albro since 2007.
Aug 24, 2011 <b>Amended Filing</b>	<b>The company recently amended a previous filing.</b> The company filed for the period ending 06/30/2011 an Amendment to a previously filed 10-Q
Aug 8, 2011 <b>Merger or Acquisition</b>	<b>Warwick Valley Telephone Company Finalizes \$17 Million Acquisition Of Alteva.</b> Warwick Valley Telephone Company announced that it has finalized the acquisition of Alteva just weeks after the official announcement. Following the closing, Alteva has begun integrating its operations with the existing cloud communications group of Warwick Valley Telephone Company.
Jul 14, 2011 <b>Merger or Acquisition</b>	<b>Warwick Valley Telephone Company Announces Acquisition of Alteva, LLC.</b> Warwick Valley Telephone Company announced that it has entered into a definitive asset purchase agreement to acquire substantially all of the assets of Alteva, LLC, a cloud-based Unified Communications ("UC") solutions provider and North America's largest enterprise hosted Voice over Internet Protocol ("VoIP") provider, for cash and stock with a combined value of approximately \$17 million. The Board of Directors of the Company and the Board of Managers of Alteva, LLC have both approved the acquisition, which is subject to regulatory approvals and certain other customary conditions. The transaction is expected to close in the third quarter of 2011. Following the closing of the acquisition, WVT will integrate its existing Competitive Local Exchange Carrier ("CLEC") business, USA Datanet, with the operations of Alteva. Q Advisors LLC acted as financial advisor and Harter Secrest and Emery LLP and Kelley Drye & Warren LLP served as legal counsel to WVT in connection with the Alteva acquisition.



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<b>May 6, 2011</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces CFO Resignation.</b> Warwick Valley Telephone Company announced the resignation of Ken Volz from his position as Executive Vice President, Chief Financial Officer (CFO) and Treasurer due to personal reasons. Ralph Martucci, currently the Company's Director - Finance has been selected as Mr. Volz's successor.		
<b>Jul 2, 2009</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces Retirement Of Chairman.</b> Warwick Valley Telephone Company announced that Wisner H. Buckbee, who has been Chairman of the Board of Directors has retired from the Board, effective June 30, 2009. The Governance Committee has appointed Robert J. DeValentino as Interim Chairman of the Board until the next election of officers by the Board in April 2010.		
<b>Apr 30, 2009</b> <b>Merger or Acquisition</b>	<b>Warwick Valley Telephone Company Completes Acquisition Of USA Datanet Assets.</b> Warwick Valley Telephone Company announced that on April 24, 2009 a subsidiary of the Company, WVT Business Communications, completed the acquisition of the hosted VoIP, conferencing and wholesale assets of USA Datanet of Syracuse.		
<b>Apr 17, 2009</b> <b>Amended Filing</b>	<b>The company recently amended a previous filing.</b> The company filed for the period ending 12/31/2008 an Amendment to a previously filed 10-K		
<b>Mar 12, 2009</b> <b>Merger or Acquisition</b>	<b>Warwick Valley Telephone Company Announces Acquisition Of USA Datanet -M2 EquityBites.</b> M2 EquityBites reported that Warwick Valley Telephone Company has acquired USA Datanet, a provider of business telecommunications services. The Company said that its modified initial bid for the acquisition of the wholesale and hosted VoIP assets of USA Datanet has been accepted in the US Bankruptcy Court for the Northern District of New York. Financial details of the acquisition were not available.		
<b>Jun 7, 2007</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces Volz To Continue As CFO.</b> Warwick Valley Telephone Company announced that it has entered into an employment agreement on June 4, 2007, with Kenneth H. Volz who will continue in the capacity of Vice President, CFO and Treasurer of the Company. Mr. Volz, was originally hired on January 25, 2007, on an interim basis.		
<b>May 11, 2007</b> <b>Late Filing</b>	<b>The company filed an extension for a previously due financial.</b> The company filed for the period ending 03/31/2007 an Notification that form type 10-Q will be submitted late		
<b>Apr 23, 2007</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Hires Duane Albro As President And CEO.</b> Warwick Valley Telephone Company announced that it has entered into an employment agreement on April 20, 2007, with Duane W. Albro, who has been hired as President & Chief Executive Officer of the Company.		
<b>Mar 19, 2007</b> <b>Late Filing</b>	<b>The company filed an extension for a previously due financial.</b> The company filed for the period ending 12/31/2006 an Notification that form 10-K will be submitted late		
<b>Jan 29, 2007</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces Interim CFO.</b> Warwick Valley Telephone Company announced that the Company has entered into an employment agreement with Kenneth H. Volz as Interim Vice President, Chief Financial Officer and Treasurer.		
<b>Jan 16, 2007</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces Interim CEO And President.</b> Warwick Valley Telephone Company announced that it has entered into an employment agreement on January 15, 2007, with Thomas H. Gray, as Interim President & Chief Executive Officer.		
<b>Dec 11, 2006</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company's Gareiss Announces Retirement.</b> Warwick Valley Telephone Company announced that Mr. Herbert Gareiss, Jr. is retiring as Chief Executive Officer and President effective January 31, 2007, due to health reasons. Mr. Gareiss intends to continue serving as Director.		
<b>Nov 17, 2006</b> <b>Officer/Director Change</b>	<b>Warwick Valley Telephone Company Announces CFO Resigns.</b> Warwick Valley Telephone Company announced that Mr. Michael A. Cutler has resigned as Vice President and Chief Financial Officer and Treasurer effective December 1, 2006, to pursue other business interests.		
<b>Mar 17, 2006</b> <b>Late Filing</b>	<b>The company filed an extension for a previously due financial.</b> The company filed for the period ending 12/31/2005 an Notification that form 10-K will be submitted late		
<b>Nov 16, 2005</b> <b>Amended Filing</b>	<b>The company recently amended a previous filing.</b> The company filed for the period ending 12/31/2004 an Amendment to a previously filed 10-K		
<b>Sep 30, 2005</b> <b>Accounting Issue</b>	<b>Warwick Valley Telephone Company Changes Independent Public Accounting Firm; Restates Statement Of Cash Flows.</b> Warwick Valley Telephone Company announced that it has dismissed PricewaterhouseCoopers, L.L.P. as its independent registered public accounting firm effective upon completion of services related to the audit of the December 31, 2004 financial statements and the effectiveness of internal controls over financial reporting. The Company has engaged WithumSmith+Brown, P.C. as its new independent registered public accounting firm. WSB will audit the financial statements of the Company, including the audit of effectiveness of internal control over financial reporting, for the year ending December 31, 2005. The Company also announced that it needs to restate its financial statements for each of the two years in the period ended 2003 (appearing in its Annual Report on Form 10-K for the year ended December 31, 2003) and the interim consolidated financial statements during fiscal years 2003 and 2004 (appearing in its Forms 10-Q for each of the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004), and therefore such financial statements should no longer be relied upon.		
<b>Sep 7, 2005</b> <b>Accounting Issue</b>	<b>Warwick Valley Telephone Company Granted 10-Q Filing Extension by NASDAQ.</b> Warwick Valley Telephone Company announced that the Listing Qualifications Panel of The NASDAQ Stock Market, Inc. granted the Company an extension until October 15, 2005 to file its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005		