[Company Letterhead]

[Date]

[Auditor Name]
[Audit Firm Name]
[Address]
[City, State, Zip Code]

RE: Management Representation on Liquidity Risk Mitigation

Dear [Auditor Name],

In connection with your audit of the financial statements of [Company Name] for the period ended [Date], we provide this letter to outline our assessment of liquidity risk and the specific measures implemented to mitigate such risks.

1. Liquidity Position
As of the reporting date, the Company maintains [Amount] in cash and cash equivalents. We have evaluated our projected cash flows for the next twelve months and conclude that the Company has sufficient working capital to meet its obligations as they fall due.

2. Mitigation Strategies
To address potential liquidity shortfalls, management has executed the following actions:

- Established an unsecured revolving credit facility of [Amount] with [Bank Name], currently undrawn.
- Implemented stricter accounts receivable collection policies to reduce the Days Sales Outstanding (DSO).
- Identified non-essential capital expenditures that can be deferred if cash flow targets are not met.
- Maintained diversified funding sources to reduce reliance on a single financial institution.

3. Contingency Planning
The Company performs regular stress testing on its cash flow forecasts. In the event of a significant market downturn, management is prepared to implement cost-reduction initiatives, including [Specific Example, e.g., reducing discretionary marketing spend].

4. Compliance with Covenants
We confirm that the Company is in full compliance with all financial covenants related to its existing debt agreements. There are no known breaches that would trigger accelerated repayment of obligations.

We believe these measures are sufficient to mitigate the identified liquidity risks and support the "going concern" assumption for the foreseeable future.

Sincerely,

[Signature]
[Name of Chief Financial Officer]
[Company Name]