[Date]

[Recipient Name]
[Title]
[Company Name]
[Address]

Subject: Observation Regarding Working Capital Deficit

Dear [Recipient Name],

This letter is to formally notify management of a recorded deficit in the company's working capital as of [Date/Period]. Based on our recent financial review, the current liabilities exceed the current assets, resulting in a net working capital of [Amount].

Our analysis identifies the following primary factors contributing to this deficit:

- [Factor 1: e.g., Increase in short-term debt obligations]
- [Factor 2: e.g., Delay in accounts receivable collection]
- [Factor 3: e.g., High inventory turnover costs]

A sustained working capital deficit may impact the company's ability to meet short-term operational obligations and interest payments. We recommend a review of the following areas to improve liquidity:

- Acceleration of accounts receivable collections.
- Renegotiation of payment terms with key suppliers.
- Restructuring of short-term debt into long-term facilities.

We request a meeting by [Date] to discuss a formal remediation plan and cash flow projections for the upcoming quarter.

Sincerely,

[Your Name]
[Your Title]
[Department/Firm Name]