

# Letter Template for Long-Term Contract Expense Allocation Methods

Date: [Insert Date]

To: [Recipient's Name]

[Recipient's Address]

[City, State, Zip Code]

Dear [Recipient's Name],

We are writing to outline the expense allocation methods applicable to our long-term contract, [Contract Name/Number], effective [Contract Start Date]. This letter serves to clarify our approach to handling expenses incurred throughout the duration of this agreement.

## 1. Expense Allocation Methodologies

We will utilize the following methodologies for expense allocation:

- **Straight-Line Allocation:** Expenses will be evenly distributed across the contract term.
- **Variable Costing:** Expenses will be allocated based on actual usage and variable costs incurred.
- **Percentage of Completion:** Costs will be allocated based on the percentage of work completed at reporting periods.

## 2. Reporting and Review

We will provide regular reports summarizing allocated expenses on a [monthly/quarterly] basis. A review meeting will be held on [Insert Date] to assess the allocation method and make necessary adjustments.

Please feel free to reach out if you have any questions or require further clarification regarding our expense allocation methods.

Thank you for your attention to this matter.

Sincerely,

[Your Name]

[Your Title]

[Your Company]

[Your Contact Information]