[Your Name/Company Name]
[Your Address]
[City, State, Zip Code]
[Date]

[Recipient Name]
[Recipient Company Name]
[Recipient Address]
[City, State, Zip Code]

Subject: Notification Regarding Treatment of Additional Costs and Expenses

Dear [Recipient Name],

This letter serves as formal notification regarding the treatment of additional costs and expenses incurred in relation to [Project Name/Contract Reference Number].

As per the terms of our agreement dated [Contract Date], please find below the details regarding the supplementary charges that have arisen:

- **Description of Cost:** [Enter description, e.g., shipping, raw materials, overtime]
- **Reason for Expense:** [Enter reason, e.g., market fluctuation, change in scope]
- **Amount:** [Enter Amount]
- **Date Incurred:** [Enter Date]

In accordance with our policy, these expenses will be treated as follows:

[Option 1: Reimbursable - These costs will be added to the next scheduled invoice and require reimbursement in full.]

[Option 2: Fixed Cap - These costs fall within the pre-approved contingency budget and will be deducted accordingly.]

[Option 3: Shared Cost - These expenses will be split between both parties at a ratio of [Percentage/Percentage].]

Supporting documentation and receipts for these expenses are attached for your review. Please confirm receipt of this notification and your approval of the treatment of these costs by [Date].

If you have any questions or require further clarification, please contact me directly at [Your Phone Number] or [Your Email Address].

Sincerely,

[Your Signature]
[Your Printed Name]
[Your Job Title]