O. Henry's stories typically contain ironic reversals that come towards the end and "One Thousand Dollars" is no exception. At the start of the story, the protagonist, Robert Gillian, the heir presumptive of a fortune from his recently deceased wealthy uncle appears to be an idle, selfish, and irresponsible young man – a spendthrift who has always had money to spend because of the allowance given to him by his uncle.

When Lawyer Tolman tells him that he has inherited a thousand dollars but is required to render “an account of the manner of expenditure” of the money as soon as he has “disposed of it”, Gillian not only regards the sum of money as “a confoundedly awkward amount” but also jokes that he will have to engage a secretary as he “was never good at accounts”. As Gillian sits by Old Bryson “calm and forty and sequestered," at the gentlemen's club to which he belongs, the man is less than eager to talk to him. After Gillian asks him several times how he can best spend one thousand dollars, Bryson remarks that a thousand dollars “means much or little”. Different people can do different things with it like buying a home, sending one’s wife South to save her life, providing a hundred babies with milk for three months, visit fortified art galleries, help an ambitious boy to acquire an education, buy a “genuine Corot”, move to a New Hampshire town or rent Madison Square Garden for one evening.

After his philosophical discourse on the value of money, Old Bryson gives Gillian the flippant suggestion that he buy his showgirl, Miss Lotta Lauriere a diamond pendant and then go off to Idaho after purchasing a sheep ranch. His suggestion indicates Gillian's character as a spendthrift and one who does not associate with worthy company. He is pleased with the suggestion because he wants “to chuck the money in a lump”. Although Gillian does go to this young woman to offer to buy her a pendant worth one thousand dollars, she pays him little attention and simply responds with a disinterested, “just as you say”. She hastens to add that a pendant at Tiffany’s costs much more. Not very impressed with her response, Gillian departs and once in the cab, asks the driver what he would do with a thousand dollars. The driver spells out a detailed plan of how he would “open a s’loon’ in a four-storey brick building and would earn a lot of money by using each storey for a different purpose like ‘Chinks and chop suey’, ‘manicures and foreign missions’ and a poolroom.

Gillian does not give the cab driver any of the one thousand dollars and gets off eight blocks down Broadway. There, he asks a blind pencil dealer seated on a stool on the sidewalk what he would do with a thousand dollars. When the pencil dealer shows Gillian his bank deposit book and Gillian sees that the man’s balance is more than a thousand dollars, he realises that money is not of much use to the blind man.
Gillian pays a quick visit to the lawyer’s office again where he confirms if Miss Hayden, a ward of his uncle and daughter of his uncle’s deceased friend, has inherited anything other than a ring and ten dollars. On learning that she has not inherited anything else, he pays her a visit and tells her there was “an amendment or a postscript or something ‘to the will, bequeathing her one thousand dollars. He hands her the money, declaring at the same time his love for the young lady. Politely, Miss Hayden rejects his offer of love.

Not in the least bit embittered on facing this rejection, Gillian writes out an account of his expenditure for the one thousand dollars, referring to Miss Hayden as “the best and dearest woman on earth”. It is at this point that he appears in a whole new light and one views him as more of a generous romantic than a ne’er-do-well. This side of Gillian’s character is further revealed when he brings to the lawyers, his required report of his dispersal of the money’. The lawyers inform him that if in the disposal of the money, he has been “prudent, wise or unselfish”, the uncle has instructed them to provide him with bonds worth fifty thousand dollars as an inheritance. If however, he has used the money as he has in the past, “in reprehensible dissipation among disreputable associates”, the fifty thousand dollars will be paid to Miss Hayden. Gillian, surprisingly, snatches the envelope away from the lawyer Tolman and tears it into strips. Untruthfully declaring that he “lost the thousand dollars on the races”, he quickly bids them good-bye, “whistling gayly in the hallway”.

Young Gillian suddenly grows up and matures and in this process, demonstrates a goodness and generosity never known to him before. Hence one finds in this surprise ending that the conflict between wanting to hold on to money and wealth and the need to love unconditionally and fulfill the selfless wish to sacrifice for one’s love is most beautifully and poignantly resolved.