

A nonprofit organization that ran an after-school baseball program for at-risk elementary school students was fundraising for the purchase of a vacant lot to construct a baseball diamond. An executive, a well-known philanthropist, mailed a signed letter to the organization. In the letter, the executive pledged to give the organization \$200,000 for the after-school baseball program. The organization accepted the letter. Shortly thereafter, the executive died.

The organization filed a claim against the executive's estate for the \$200,000 pledged in the letter.

Is the organization likely to prevail?

- A. No, because a promise to make a gift at some time in the future is not legally enforceable.
- B. No, because an agreement to contribute money for a specific purpose is only binding when it is supported by consideration.
- C. Yes, because the estate is estopped from denying the executive's charitable contribution to the organization.
- D. Yes, because the organization's acceptance of the executive's promise established bargained-for consideration.

Explanation:

A promise to make a gift is generally unenforceable because it does not involve the bargained-for consideration required to form a valid contract. However, most **courts will enforce a charitable subscription**, which is a promise to contribute money or property to a charitable institution. They typically do so on **promissory estoppel** grounds, but this is somewhat of a legal fiction because **detrimental reliance**—the key to promissory estoppel—is **not required**. It is enough that the **promisor reasonably expected to induce reliance** on the promise.*

Here, the executive pledged to give the nonprofit organization \$200,000 for its after-school baseball program, and he should have reasonably expected the organization to rely on his promise. Since the promise was a charitable subscription, the court can enforce it *without* proof that the organization detrimentally relied on it—eg, by purchasing the lot. Therefore, the organization is likely to prevail because the executive's estate is estopped from denying his charitable contribution to the organization.

*Similarly, courts will enforce a gift promise made in anticipation of a marriage (ie, marriage settlement) without proof of detrimental reliance. The reason is that marriages—like charitable institutions—are deemed socially useful and desirable, so promises made to benefit or encourage them should be enforced.

(Choice A) A promise to make a gift at some time in the future *is* legally enforceable if the elements of promissory estoppel are satisfied.

(Choice B) Most courts reject the view that a charitable organization's promise to use a monetary gift for a specific purpose is sufficient consideration to form a binding contract. But here, the lack of consideration does not prevent the organization from enforcing the executive's promise because promissory estoppel applies.

(Choice D) A promise to make a gift does not involve bargained-for consideration. Therefore, the organization's acceptance of the executive's promise did not establish a bargained-for exchange.

Educational objective:

Charitable subscriptions—ie, promises to contribute money or property to a charitable institution—are enforceable on promissory estoppel grounds *without* proof of detrimental reliance. All that is needed is proof that the promisor reasonably expected to induce reliance on the promise.

References

- Restatement (Second) of Contracts § 90(2) (Am. Law Inst. 1981) (charitable subscription binding without proof of detrimental reliance).

Elements of promissory estoppel

- Promisor reasonably expected to induce reliance on promise
- Enforcing party reasonably relied on promise
- Reliance caused enforcing party to suffer substantial detriment
- Injustice can be avoided only by enforcing promise

← Sole requirement for charitable subscriptions & marital settlements