



The impact of US tariffs for Canada's not-for-profit sector

Potential impacts of tariffs on Canada's non-for-profit sector

Tariffs will put pressure on Canada's non-profit and charitable organizations, collectively described as the not-for-profit (NFP) sector in this document, through three main channels: decreased funding, increased costs of inputs due to counter-tariffs, and greater need for services, with greater impacts in certain sectors and regions.



Up to **\$100m** reduction in giving in 2026 relative to pre-tariff expectations.



\$126m+

In potential loss of GDP impact generated by NFP organizations.



Increased needs from communities: food bank visits have increased **90%** since 2019 and are expected to rise further.



Increased costs for goods like food, medical equipment and pharmaceuticals have a spillover impact on NFPs.



This report identifies the ways in which tariffs are expected to impact NFP organizations and provides practical information and insights for policy makers, donors, investors and NFP boards and management teams to help address the current gaps while mitigating the potential impact of future needs.

Taken together, these effects mean that NFP organizations will face even more pressure to do more with less. By addressing the gaps created by tariff impacts and aligning their responses with broader trends shaping the social sector, investors and donors can help mitigate these challenges and contribute to a more resilient society and economy.

While the exact impact of tariffs on economic activity is uncertain, to illustrate the potential impact we note that Capital Economics has lowered its growth forecasts for 2026 from 1.7% to 1.0% following tariff announcements.¹ This suggests that tariffs could threaten approximately \$22 billion in GDP. Based on the relationship between GDP and donations over the last 15 years, overall philanthropic giving could drop by up to \$100 million in 2026, relative to pre-tariff expectations.

Based on the impacts of spending by NFP organizations throughout value chains in Canada, that reduction in giving could reduce GDP by \$126 million. Looking at the full social return of investment from NFP activities, the reduction in spending could create much larger effects, as research has estimated multipliers at $4\text{--}7\times^{2,3}$ for affordable housing, $9\times^4$ for food banks, and $18\times^5$ for mentorship programs.



¹ Comparison of Capital Economics Canadian GDP outlook from December 2024, before tariffs were a significant threat to the outlook, and in April 2025. The April 2025 outlook reflects an average tariff rate on US imports from Canada at about 6%, with higher tariffs on some goods such as finished motor vehicles, steel, and aluminum. It also reflects the negative impact of uncertainty around trade policy on investment. This analysis is as of April 2025 and is subject to change as tariffs and other economic drivers evolve.



Tariffs represent an opportunity for NFPs to create greater impact

Tariffs present a unique opportunity for NFP organizations to enhance their role in society, as they address the increased demand for services resulting from negative impacts on businesses and job losses. Beyond these immediate challenges, tariffs may catalyze essential shifts in the Canadian economy aimed at overcoming productivity barriers, diversifying trade, and enhancing global competitiveness.

Job losses concentrated in specific sectors and communities will heighten the immediate demand for NFP services, driving up the cost of living. Affected individuals will increasingly require support for basic necessities like food, housing, healthcare, and mental health services. Should these job losses become permanent, demand for retraining initiatives will also rise. Membership-based organizations, such as chambers of commerce, will see increased demand from small businesses struggling with tariff disruptions.

Services of NFP organizations are even more critical during economic downturns. Overall, each dollar spent by NFP organizations creates **\$1.20 in GDP** from supply chain effects, but, as noted previously, social return on investment is even greater: research suggests that spending multipliers are as high as $4\text{--}7\times^{2,3}$ for affordable housing, $9\times^4$ for food banks, and $18\times^5$ for mentorship programs.

Services of NFP organizations are even more critical during economic downturns and times of transformation. For example, by supporting retraining programs for displaced workers or ensuring communities continue to benefit from social services they have come to expect. There are key actions NFPs can take today to align their efforts with these economic changes while strengthen their societal impact.



Key actions for policy makers

Targeted relief – that is sector and region specific – can be put in place now to augment the backbone of the existing social security safety net in Canada. By tapping into the expertise and strength of community connections of the NFP sector, policy makers can promote sustainable and inclusive economic growth during this period of uncertainty.

This crisis presents a pivotal moment for governments to reimagine their collaboration with the NFP sector, aiming to expand the mandate of NFPs as it relates to upskilling that would align with potential plans to make Canada more productive and create a greater impact for all Canadians.



Action: Enhance support and funding

Consider funding options specifically aimed at helping NFPs navigate the economic pressures caused by tariffs while addressing the need for essential goods. This could involve subsidies, tax relief, or dedicated funding pools to ensure that essential services provided by NFPs are sustained during challenging economic periods.



Action: Advocate for tariff reductions or exemptions

Double down on economic interventions impacting sectors critical to NFP operations, particularly those reliant on imported goods like food, medical equipment, and pharmaceuticals. This has a spillover societal impact and looks more broadly at the system.

Key actions for donors and investors



As Canadians concentrate their spending within the country, donors and investors have a unique opportunity to boost their impact by exploring new methods of using capital through social finance. For example, they might invest in a social enterprise that supports job reskilling, or blended finance tools to help de-risk investments in a clean water project.

By utilizing multiple forms of investment and human capital, donors and investors can help ensure that NFP services remain consistent during times of uncertainty, reduce risk and drive innovation. That leads to longer-term sustainability.



Action: Engage in catalytic philanthropy through funder collaboratives

Focus on high-impact areas like healthcare, mental health services, and food security that are expected to see an outsized impact if tariffs persist. This can be done using strategic contributions and funder collaborations to de-risk projects and attract more investment. Collaborations can help build trust and transparency and create meaningful stories that show the 'why' behind a case for support, and more importantly, "why now" that reinforces the immediate needs.



Action: Leverage partnerships that bring diverse, cross-sector capabilities to the table

Consider the ways that leveraging public funds and the capabilities of businesses, investments from private funders, or non-financial tools and resources like blended finance, access to credit, loaned capital or other social finance mechanisms can empower community organizations with access to scale faster and drive social outcomes and better address root cause issues.



Action: Make space for unrestricted contributions and empower diverse ideas and perspectives

Identify projects that address macro and micro community needs, rallying around issues that resonate with you and your community. Focus contributions on supporting NFP operations without any restrictions. Empower the NFP experts to clarify where resources are most needed today. It's vital to focus on equity-deserving groups that have historically been underfunded, ensuring they receive adequate support to thrive and scale, especially during times of economic uncertainty.

Key actions for NFP boards and management teams

NFP organizations must pivot towards diversifying income streams by exploring new revenue generation opportunities and ensuring their financial models are less reliant on traditional funding or government grants that are often reduced significantly during economic downturns.

Tariffs are simply amplifying declining global philanthropic trends, and why leaders must look at making strategic investments in areas like technology and workforce upskilling as a strategic investment to remain relevant and drive sustainability.



Action: Go all in on diversifying income streams

This includes new revenue generation and social enterprise ventures to reduce financial dependency and create more resilient financial models that create space for growth and innovation.



Action: Invest smartly in tech that saves time and make small incremental upgrades that drive scalable impacts

In resource constrained environments, boards and management teams should treat technology as a strategic enabler and not lose sight of where the market is going. Focus on tools that can create value and improve service delivery, automate manual processes or enhance donor engagement, prioritizing solutions with clear and scalable ROI.



Action: Prioritize upskilling and reskilling initiatives to facilitate worker transitions into new roles

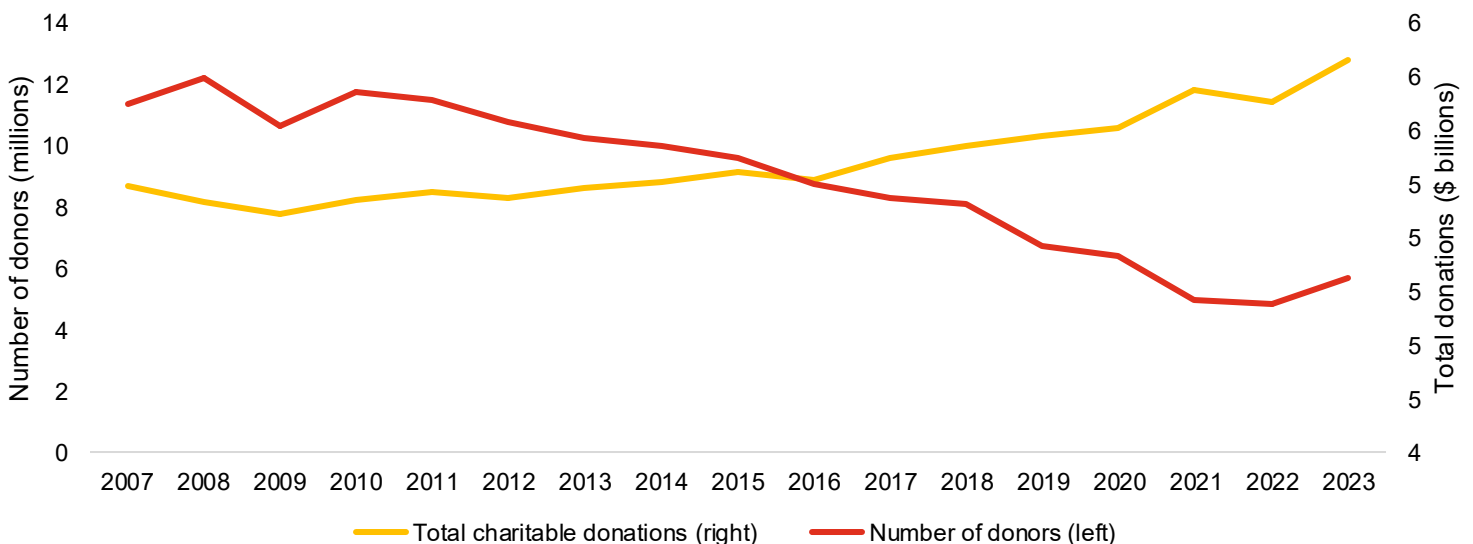
Recognizing and recruiting talent from those affected by job losses are valuable assets for NFPs. This approach helps create competitive opportunities for access to talent, especially in critical sub-sectors, enhancing the organization's capability and impact.



Charitable giving in Canada

The number of donors - namely tax filers reporting a charitable donation amount on line 34000 of schedule 9 of the personal income tax form - in Canada has seen an overall downward trend since the financial crisis, with decreases every year until an uptick in 2023. This suggests a potential structural vulnerability with reliance on a smaller number of donors compared to past years.

Donors and charitable giving, Canada, 2007-2023



Source: Statistics Canada, PwC Analysis

This economic slowdown could have worse impacts for NFPs than the COVID-19 pandemic. Anticipated global GDP growth in 2025 and 2026 marks the weakest growth since the 2008-09 financial crisis, excluding the COVID-19 pandemic.⁶ When economic stability is threatened, philanthropic contributions and donations tend to fluctuate. During the 2008-09 recession, philanthropic contributions went down by 13.2% with a two-year drop in donations. This had major impacts on small local organizations, resulting in a scaling back or discontinuation of services. In the COVID-19 crisis, household and business contributions (as a % of community non-profit income) went down by 9.9% whereas the percentage of government contributions went up an astonishing 33.0% in the same time period.^{7,8}

Unlike COVID-19, which shocked both supply and demand, this crisis is driven by lower demand and the impacts of uncertainty around market access and prices. Compared to COVID-19, governments have more limited fiscal flexibility to offset funding gaps, and prolonged economic uncertainty continues to strain resources. The NFP sector will need to adapt strategically to maintain their services despite financial pressures and limited government support.

Economic downturns are associated with less charitable giving, creating funding pressure

Charitable giving has historically mirrored changes in GDP, suggesting that the anticipated GDP decline in 2026 might result in a reduction of \$100 million in charitable donations in 2026, based on Capital Economics' revision to GDP estimates post-tariff announcements. Furthermore, heightened market volatility and subpar investment performance may adversely affect organizations dependent on endowment funding. Additionally, counter-tariffs on essential inputs like food, medical supplies, and pharmaceuticals are expected to drive up costs for NFP organizations.



Context matters

The majority of donation value is provided by a small group of high-value donors, making NFPs vulnerable to sudden shifts in giving patterns.

Over **70%** of donations come from just **9%** of donors who give **\$5,000** or more. Recent changes in overall giving are largely driven by these donors adjusting their contribution levels.⁹ In times of economic uncertainty, donors may hesitate to make substantial contributions, depending on how their income is affected by the economic environment. This heavy reliance on a concentrated pool of donors increases financial risk for NFPs, as any fluctuation in contribution levels can lead to sudden funding shortfalls. Diversifying fundraising streams can help provide a cushion against these fluctuations.

Donors and funders rally when given a strong call to action.

During the COVID-19 pandemic, donations from individuals increased in both 2020 and 2021, despite spikes in unemployment, and government support also grew during this period. Although we have calculated potential losses based on correlation with GDP, this is not a foregone conclusion and there is an opportunity for donors and funders to step in and fill the gap. While acute needs are growing, there is also an opportunity to focus on activities that will prepare Canada for long-term resilience. For example, adapting to tariff disruptions increases the importance of productivity-enhancing technology and may shrink some industries while others grow, driving a need for skill training and job support to help workers adapt.





The NFP sector creates significant economic and social benefits

“ Services of NFP organizations are even more needed during economic downturns; below we provide a few examples of how demand is likely to increase. Overall, each dollar spent by NFP organizations creates \$1.20 in GDP from supply chain effects.

Our six key insights

1

NFP organizations will face a sharp rise in demand for healthcare-related support. This is driven by the broader economic fallout from tariffs, which increase business costs, disrupt supply chains, and undermine investment confidence. As economic activity slows and unemployment rises, individuals are more likely to delay or lose access to health services typically available through insurance from employers. For example, the 2008-09 financial crisis saw over 260,000 additional cancer-related deaths in OECD countries, largely due to healthcare cuts and reduced access, signaling the heightened burden on health-focused NFPs during downturns.^{10,11}

2

Demand for mental health and crisis services is likely to grow. The mental health impacts of unemployment, such as increased anxiety, depression, and substance use, are expected to ripple through communities. NFP organizations delivering mental health and addiction services will need to scale up to meet these challenges, especially in economically strained areas.¹²

3

NFPs in regions dependent on Small and Medium Enterprises (SMEs) will see higher demand for services such as employment support, economic stabilization, and small business assistance. SMEs are less equipped to absorb the financial strain caused by tariff-driven disruptions, due to their smaller financial buffers and limited ability to absorb increased costs.¹³ This is particularly concerning as SMEs represent nearly 64% of all employed individuals in the private sector¹⁴, making their stability crucial to the broader economy. As these businesses are forced to cut staff, delay investments, or shut down, NFP organizations will play a key role in supporting communities through providing crucial resources, networking opportunities, training initiatives, and advocacy efforts. They can offer information on navigating tariffs and shifting supply chains, connect businesses with government programs, and amplify the concerns of SMEs to policymakers, encouraging solutions that support Canadian businesses.

Not-for-profits create significant value

“ The social return on investment that not-for-profits create is even greater: research suggests that spending multipliers are as high as $4-7x^{2,3}$ for affordable housing, $9x^4$ for food banks, and $18x^5$ for mentorship programs.

4

Organizations providing food, housing, and basic needs support should prepare spikes in demand, which will be uneven across regions. From 2021 to 2024, food banks experienced a 16% compound annual growth rate driven by rising cost of living, despite relatively low unemployment for much of that period.¹⁵ This suggests that tariffs and higher unemployment will further increase the need for food banks. These changes in demand will be uneven as some regions will face more concentrated impacts from tariffs, creating localized surges in demand for employment services, food programs, and community support initiatives.^{16,17}

5

Organizations focused on community safety and crime prevention will also come under pressure. Periods of high unemployment, often exacerbated by trade shocks, have been linked to increased property crime. As economic insecurity grows, NFPs working in restorative justice, violence prevention, and neighborhood resilience may need to expand their programs and collaborate more closely with law enforcement and social services.¹⁸

6

Workforce development and job re-training programs led by NFPs will become increasingly critical. Structural changes including a backlash against globalization are displacing workers from traditional industries and creating a need for re-skilling. Tariffs are a symptom of these changes and may accelerate transformational economic shifts. NFPs in the employment and education space will be essential to help workers transition into new roles, though they will require sustained funding to meet growing demand.^{19,20}



The impact of tariffs on different sectors and regions varies significantly based on their dependence on US export markets, availability of substitutes, and ability to quickly pivot to other market. As a result, harm to businesses and job losses is expected to be uneven across the country. This variation is important to consider when assessing the impact of tariff impacts in demand for NFP services.

Manufacturing, agriculture and utilities to be the most impacted by tariffs

The following sectors are expected to see significant negative impacts from US tariffs, both through increases in cost and through uncertainty leading to lower investment in Canada:

Manufacturing

Canada's main manufactured exports to the U.S. include vehicles and parts, machinery (e.g. gas turbines), packaged medicaments, plastics, and furniture. Automotive and auto parts are among the most vulnerable sub-sectors because the automotive value chain is highly integrated across the US-Canada border.²¹



Agriculture

Like manufacturing, this sector is affected by both tariffs and counter-tariffs. For instance, beef producers in Alberta export significant quantities to the U.S. (\$9.3 billion in agri-food exports in 2024 of which 30% is beef), while farmers in the Prairie regions depend on U.S. phosphate for their crops and American machinery and equipment.^{22,23,24}



Utilities

The U.S. imported 11,381 net gigawatt-hours of Canadian electricity in 2024 (0.3% of total U.S. demand), equivalent to the annual electricity use of roughly 1 million homes. Tariffs will likely erase most of the price advantage of Canadian power relative to U.S. domestic resources, meaning exports will drop as the U.S. boosts production.²⁵



We illustrate how tariff impacts will be concentrated in certain pockets of the economy through three case studies

Case Study 1: Hamilton-Niagara Peninsula

Regions relying on sectors that export to the US such as Windsor and Hamilton are expected to see higher than average impacts of tariffs. In Hamilton for example, the three largest sectors for employment are healthcare and social assistance, retail trade, and manufacturing, with a large focus on steel and aluminum production. **With almost 90% of Canada's steel and aluminum exports going to US companies, this economic region is particularly trade exposed, and the tariffs pose a significant risk to its economic prosperity.**^{26,27} This means that the region is likely to see a greater loss in local donations, and at the same time higher demand for NPF services for individuals, such as food banks and housing support, and those for businesses. Donations in regions like Hamilton-Niagara that are particularly impacted by tariffs can have an outsized impact. Organizations will also particularly benefit from partnerships that can share national resources to build resilience.

Case Study 2: Food banks

Tariffs create both demand and supply challenges for food banks. Tariffs are expected to increase demand for food banks by creating job losses and raising the already-high cost of living. **On the supply side, 50% of Canada's food imports come from the US.** Although alternatives are available for some products, counter-tariffs on US imports will increase grocery costs, compounding the challenges of meeting demand.^{28,29} In addition to the need for short-term support, food banks will likely need to update funding and operating strategies to reflect the realities of demand growing at faster rates, and rising costs.

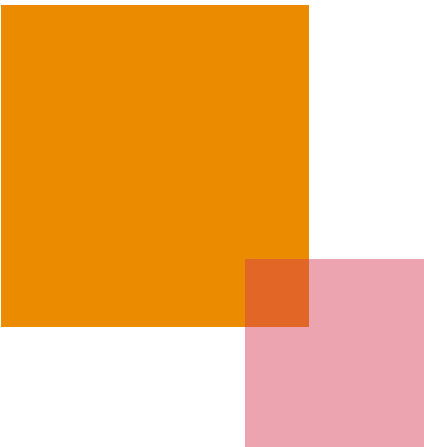
- Food bank demand in Canada has skyrocketed by **90%** since 2019
- **2 million** visits to food banks in 2024, with **30%** of food banks running out of supplies before meeting demand
- **18.1%** of food bank users employed yet unable to afford basics
- Food insecurity currently affects **23%** of households

Case Study 3: Agriculture

Tariffs have a significant impact on agriculture, as the U.S. accounts for about 60% of all Canadian agri-food exports. **In 2023, Canada exported nearly \$99.1 billion in agriculture and food products** with the top three agri-food products exported to the U.S. being baked goods, canola oil, and beef and pork.³⁰ Business-facing NFP organizations are likely to see increased need for support from agricultural businesses, particularly as margins are already thin in this sector. Similarly, regions and communities that are highly dependent on agriculture will likely see increases in demand across services for individuals due to high potential job losses. It will be important to work with government on approaches to support the sector given its importance both economically and as a strategically important domestic supply chain.



Appendices



Appendix A: Limitations



Receipt of new data or facts: PwC reserves the right at its discretion to withdraw or revise this report, should we receive additional data or be made aware of facts existing at the date of the report that were not known to us when we prepared this report. The findings are as of May 13 2025, and PwC is under no obligation to advise any person of any change or matter brought to its attention after such date, which would affect our findings.

Reliability of data: PwC has relied upon the completeness, accuracy, and fair presentation of all information and data obtained from the various sources set out in our report, which were not audited or otherwise verified.

The findings in this report are conditional upon such completeness, accuracy, and fair presentation, which have not been verified independently by PwC. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to the results of this study.

The tariff environment is evolving quickly and the impact of tariffs on the Canadian economy is highly uncertain. Thus, projections used for the purpose of this study are for illustration purposes and are used to present a directional impact.

This report and related analysis must be considered as a whole: Selecting only portions of the analysis or the factors considered by us, without considering all factors and analysis together, could create a misleading view of our findings. The preparation of our analysis is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Use limitations: This report has been prepared solely for the use and benefit of PwC's Chief Sustainability Officer. We understand that our deliverable will be shared among PwC's staff and could also be shared with the firm's clients and stakeholders (e.g. government) and further that you may also wish to make our deliverable public. You may make our deliverable public, provided that the deliverable is published in its entirety, including relevant disclaimers.

Should you want to use excerpts from our deliverable or post your own statements describing our deliverable, you would need to concurrently provide a clear link to our entire deliverable and get PwC's consent to release such excerpts or statements, which consent shall not be unreasonably withheld, delayed or conditioned. In that context, PwC will provide its comments to a draft statement produced by you within five working days of receiving such draft statement.

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We note that significant deviations from the above-listed major assumptions may result in a significant change to our analysis findings.

Appendix B: Sources

Other Sources

- ¹ [Conference Board of Canada](#)
- ² [BCG, 2015](#)
- ³ [Constellation Consulting Group, 2023](#)
- ⁴ [Calgary Food Bank, 2024](#)
- ⁵ [BCG, 2013](#)
- ⁶ [S&P Global Economic Outlook](#)
- ⁷ [Statistics Canada](#), (comparing 2020 levels to 2019, household contributions include donations and membership fees)
- ⁸ [BNPInspire, What is the Impact on the Canadian Philanthropic Sector](#)
- ⁹ [Imagine Canada](#)
- ¹⁰ [MarshMcLennan, Recession's Health Repercussions](#)
- ¹¹ [Maruthappu M, Watkins J, Noor AM, Williams C, Ali R, Sullivan R, Zeltner T, Atun R. Economic downturns, universal health coverage, and cancer mortality in high-income and middle-income countries, 1990-2010: a longitudinal analysis. Lancet. 2016 Aug 13;388\(10045\):684-95.](#)
- ¹² [MarshMcLennan, Digital Tools for Mental Health](#)
- ¹³ [ISED](#), December 2022
- ¹⁴ [ISED](#), December 2023
- ¹⁵ [Food Banks Canada](#)
- ¹⁶ [Feed Ontario, Food banks are cutting services as surging demand outpaces resources](#)
- ¹⁷ [CFIB](#)
- ¹⁸ [Office of Management and Budget, Economic Downturns and Crime](#)
- ¹⁹ [International Labour Organization, Lessons from the implementation of training and retraining programmes in response to the Great Recession](#)
- ²⁰ [Brookings, The critical role of workforce training in the labor market recovery](#)
- ²¹ [Conference Board of Canada](#)
- ²² [Bank of Canada](#)
- ²³ [Alberta Agricultural trade services](#)
- ²⁴ [Calgary Herald](#)
- ²⁵ [Center for Strategic and International Studies](#)
- ²⁶ [CBC News](#)
- ²⁷ [Invest in Hamilton](#)
- ²⁸ [Food Banks Canada - HungerCount 2024](#)
- ²⁹ [Observatory of Economic Complexity \(OEC\)](#)
- ³⁰ [Agriculture and Agri-Food Canada](#)



Thank you

Contact us

Visit our [Tariffs and Trade Policy Resource Centre](#) to explore the latest insights on managing the evolving trade and tariffs landscape.



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