

2020 & 2021

FUNDING REPORT

An overview of the funds
disbursed by The Merchants
Fund from March 2020
thru December 2021.

TMF | The
Merchants
Fund



Photo by Chris Kenedig

INTRODUCTION

Philadelphia is a city of neighborhoods and communities, each unique with its own Philly flavor courtesy of the small, independent businesses that bring vibrancy to corridors and give life to tucked-away corners. These local businesses that we cherish—from taco stands and panaderías to hardware stores and bookshops—are not only the heart and soul of our city, they are the backbone and lifeblood of Philadelphia’s economy, culture, and communities.

With the unprecedented and ongoing challenges brought on by the Covid-19 pandemic, civil unrest, and natural disasters such as Hurricane Ida, these vital yet vulnerable small and micro businesses have been facing an unyielding existential threat, one that has been particularly devastating for business owners of color.

Since 1854, The Merchants Fund (TMF) has provided support to Philadelphia’s merchants and small businesses during times of financial need and hardship. In the late winter/early spring of 2020, TMF’s *raison d’être* came into sharp focus. Known for being nimble and responsive in a crisis given our history of making emergency grants, the staff and board quickly allocated all available funds toward Covid Relief Grants. Little did we know at the time that such relief would continue for nearly two years, nor that there would be additional crises and disasters—both natural and human-made—that would compound the challenges faced by merchants and make their situations even more precarious.

In the following pages, we provide an overview of the funds disbursed by TMF from March 2020 thru December 2021. Summaries are provided for each of the distinct grant programs, as well as relevant data for each program including funding priorities and metrics used when evaluating applications. Interspersed throughout are testimonials from those who received support from TMF. Ever-shifting pandemic protocols and shutdowns—as well as the disproportionate impacts of Covid on certain industry sectors *and* by race, ethnicity, and income—impacted TMF’s funding priorities and required us to remain nimble and responsive, a phrase that aptly characterizes our approach to pandemic grantmaking.

Finally, at the end of the report we share a bit about what we’ve learned and how we’re integrating those learnings moving forward, as well as as the pivots we’ve made along the way— including the launch of *Beyond the Grant*, a program designed to support grantees after a grant is awarded.

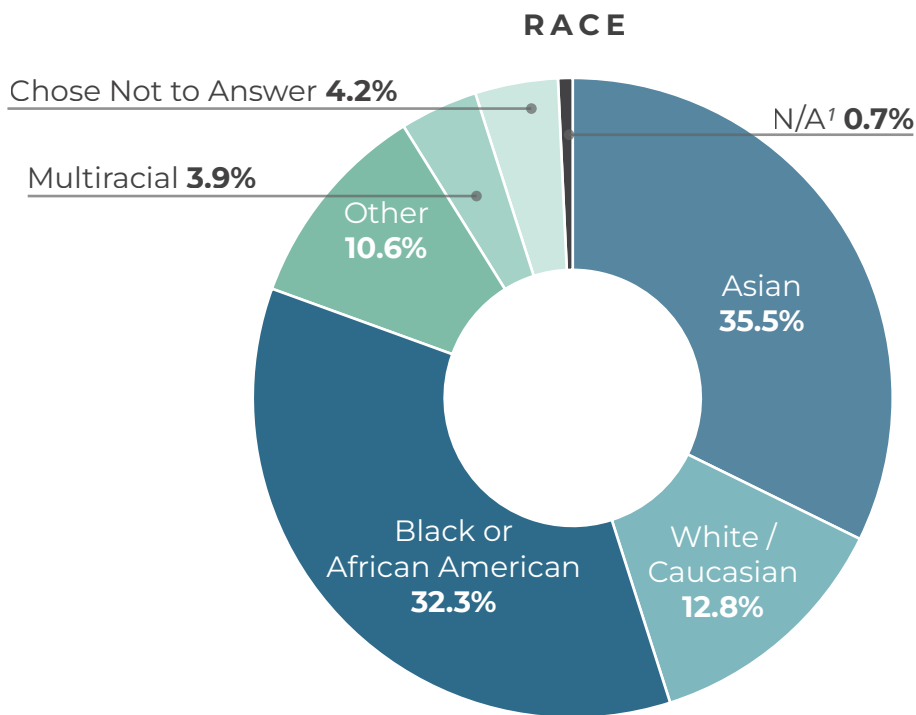



Tuck Hing Company, 218 N. 10th Street (Chinatown), photo by Chris Kendig

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GRANTMAKING OVERVIEW





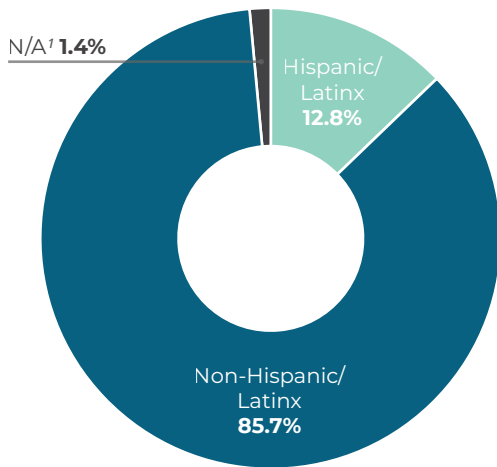
406 TOTAL GRANTS
MADE IN 2020 & 2021



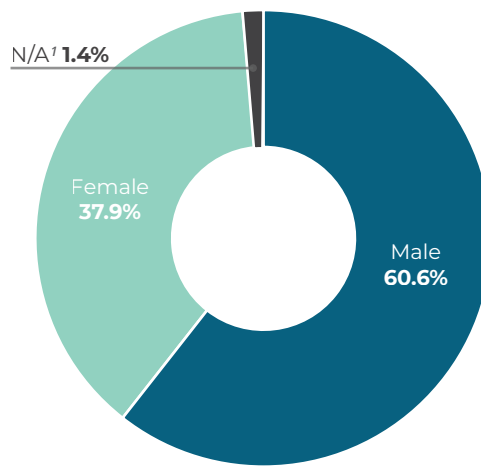
\$2,715,599 TOTAL FUNDS
DISTRIBUTED IN 2020 & 2021

OVER 70% OF GRANTEEES reported their business annual revenue in 2019 (prior to the pandemic) as less than \$300,000, with significant loss of revenue as a result of the pandemic

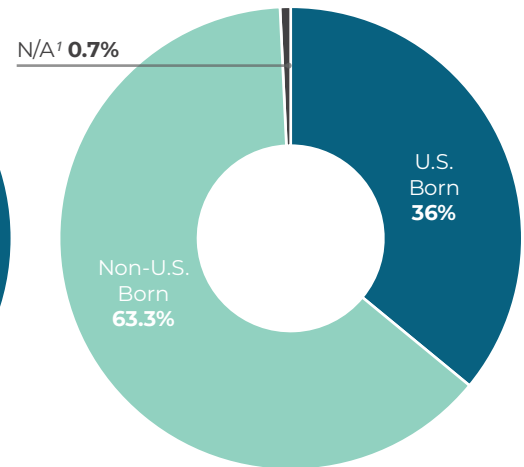
HISPANIC ETHNICITY



GENDER



COUNTRY OF BIRTH



¹ Non-profit or special group grant

GRANT NUMBER BREAKDOWN BY INDUSTRY



RETAIL
174



FOOD & BEVERAGE
100



PERSONAL SERVICES
43



EDUCATION / ADULT ASSISTANCE
14

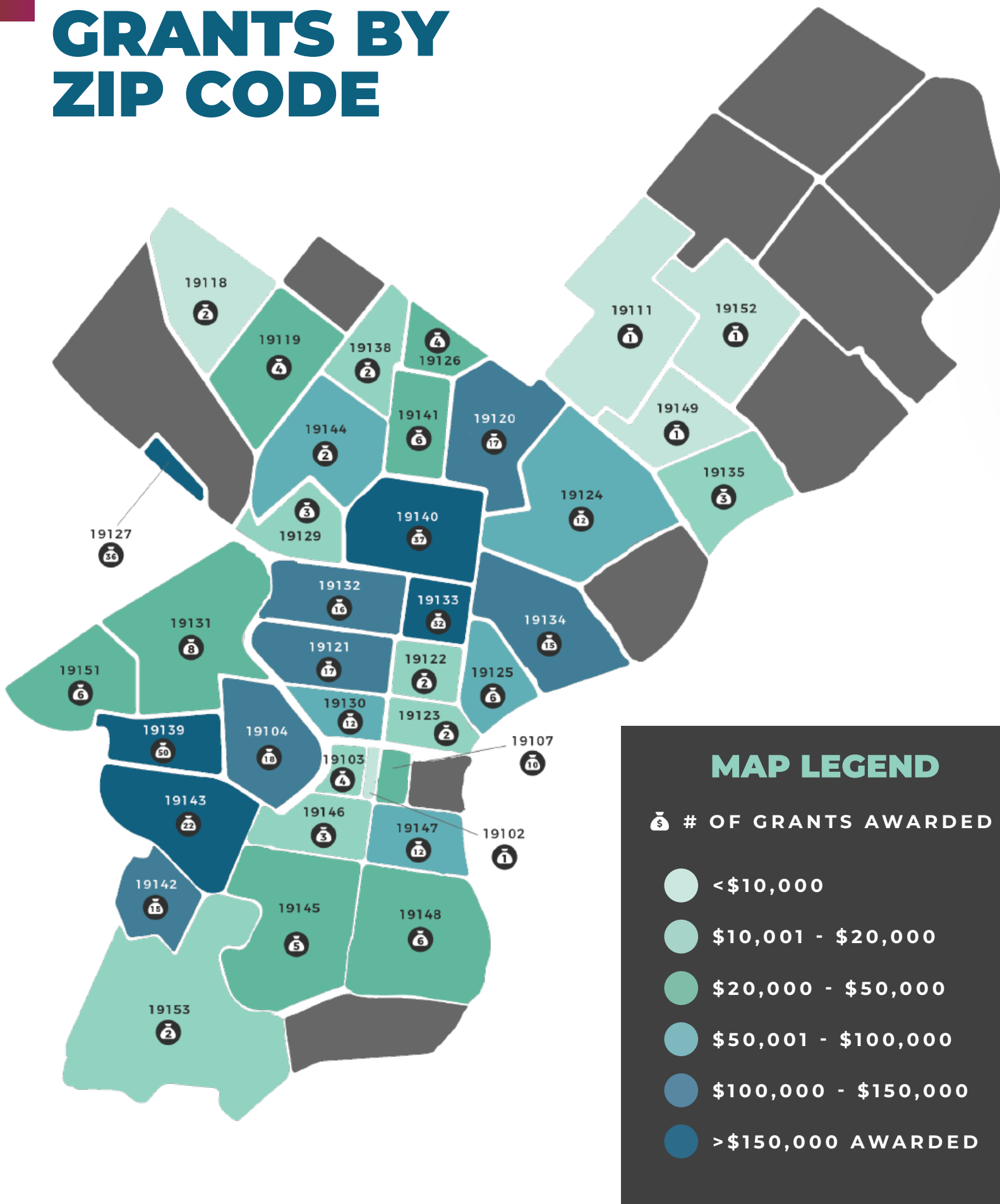


PROFESSIONAL SERVICES
13



OTHER
35

GRANTS BY ZIP CODE



COVID-19 EMERGENCY RELIEF GRANTS



Without this grant, I would not have been able to continue running our family business. Our family would have had to take on debt without the necessary means in place to be able to pay them off. This grant has given us a new confidence in our ability to survive the pandemic.

- **GRACE CHEN, RAY'S TEA HOUSE**
141 N. 9th Street (Chinatown)



Photo by Chris Kendig

In March 2020, when the pandemic brought the world to a screeching halt, TMF was only two weeks away from opening our core grant cycle. Rather, an emergency board meeting was held and all available grant funds were reallocated to emergency relief to be deployed ASAP.

Of course, the thinking at the time was that grants would help sustain businesses through two weeks—at most two months—of a shutdown. We opted to disburse \$5000 grants to help as many as businesses possible. We continued to prioritize support for BIPOC-, immigrant-, and women-owned businesses per our standard funding priorities, additionally focusing on businesses in high-poverty neighborhoods and those that were at a greater risk of “falling through the cracks” of other grant or government programs. Examples of such merchants include those for whom English was not their primary language, those who had outstanding taxes or who couldn’t quickly pull together the required financial or payroll reports, or those distrustful of applying for government aid.¹ Many of the programs rolled out early in the pandemic provided funding on a “first-come, first-served” basis disadvantaging very small “mom & pop” businesses, many of which are BIPOC- and/or immigrant-owned.²

¹ It’s important to remember that during this time immigrant communities, particularly in cities like Philadelphia, were being targeted by federal policies under the Trump administration and living in fear of deportation.

² As the pandemic continued, the data demonstrated many of the ways that these businesses (and communities) were disadvantaged, disproportionately impacted by Covid (i.e. higher rates of infection), and disproportionately impacted by the impacts of Covid on their businesses.

TMF determined that working with our community partners – primarily community development corporations (CDCs), specifically corridor managers – would be the most effective means of reaching the merchants who most needed our help. Partners were asked to recommend businesses that met our funding priorities as well as other criteria, including serving a critical community need and/or playing a vital role in the health of the corridor. Over 25 partners made recommendations that resulted in invitations to businesses to apply.

The intentionality of this approach resulted in the most diverse pool of grantees in TMF’s history.

DATA POINT HIGHLIGHTS



129
TOTAL
GRANTS



\$653,000
FUNDS
AWARDED



\$5,062
AVERAGE
GRANT SIZE

EMPLOYEE NUMBERS

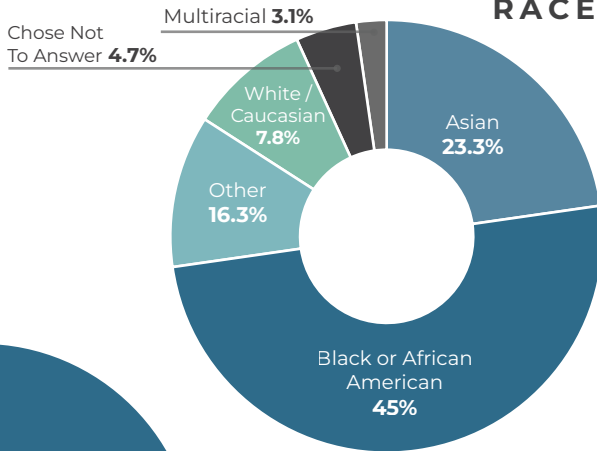
3 or fewer employees: **66%**
5 or fewer employees: **87%**

55% OF MERCHANTS

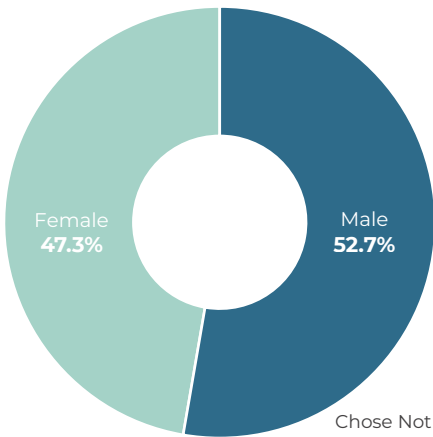
reported a decrease in revenue of 51% or more at the time of submitting a grant application for Covid relief

GRANTEE DEMOGRAPHICS BREAKDOWN

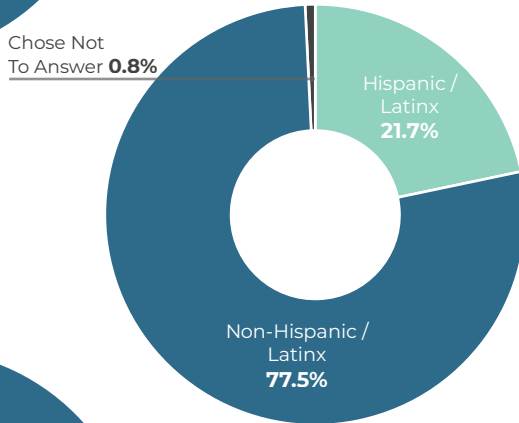
RACE



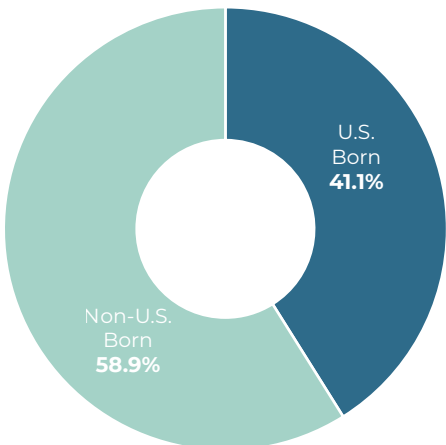
GENDER



HISPANIC ETHNICITY



COUNTRY OF BIRTH



GRANT NUMBER BREAKDOWN BY INDUSTRY



FOOD & BEVERAGE
52



RETAIL
43



PERSONAL SERVICES
23



EDUCATION / ADULT ASSISTANCE
5



CONSTRUCTION
2



HEALTH & WELLNESS
2



PROFESSIONAL SERVICES
1



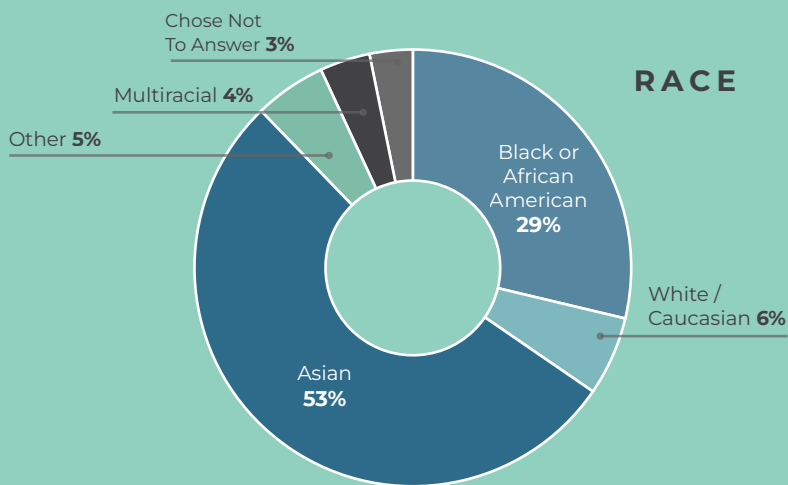
1



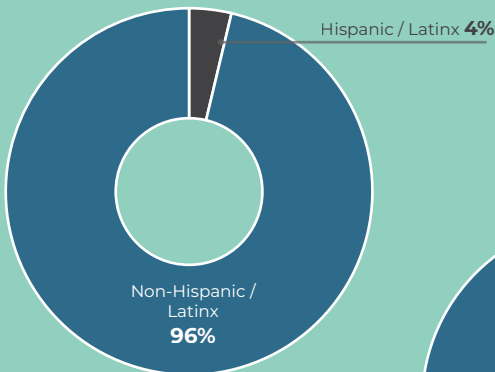
Sun-Pey 2700 Germantown Avenue (Glenwood), photo by Jill Fin

RESTORE & REOPEN

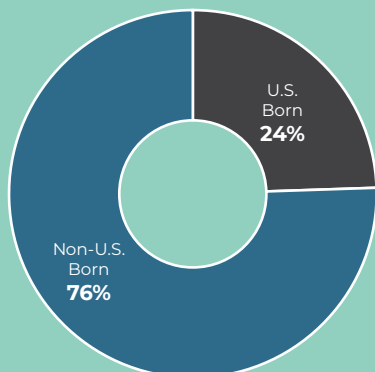
GRANTEE DEMOGRAPHICS



HISPANIC ETHNICITY



COUNTRY OF BIRTH



On May 25, 2020, the murder of George Floyd in Minneapolis sparked weeks of civil unrest in Philadelphia and across the nation, as millions of people protested the killings of Black Americans by police. Already reeling from the impact of the Covid-19 pandemic, many small businesses in Philadelphia received a second financial blow due to the significant property damage that occurred during the unrest.

In response, the City of Philadelphia Department of Commerce and TMF partnered to create the Restore & Reopen program to assist qualifying businesses that suffered direct losses and damages from the civil unrest. Funding was provided by the Commerce Department (\$1.4M), as well as TMF and other local, private foundations. To successfully reach those most impacted, we partnered with corridor managers and business support organizations, utilized traditional media such as print and radio, and walked impacted corridors to speak with merchants directly.

More than 550 applications were received over a week-long period with funding decisions made and grants disbursed within two weeks. Priority was given to businesses operating in high-poverty neighborhoods. A total of \$1.62 million dollars was distributed to 188 businesses; the most common grant size was \$10,000.

³ A full report on the Restore & Reopen Grant Program is available from the City of Philadelphia Department of Commerce and can be accessed by visiting www.phila.gov/media/20201016153206/Restore-and-Reopen-Grant-Program-Report.pdf

DATA POINT HIGHLIGHTS



188
TOTAL GRANTS



\$1,616,347
TOTAL FUNDS DISTRIBUTED



78.5% REPORTED
THEY HAD NO INSURANCE

THREE-QUARTERS

of grant funding was awarded to businesses in neighborhoods with a poverty rate above 30 percent, and half of all grants were awarded to businesses in neighborhoods with a poverty rate above 41 percent



Photo courtesy of Chabaa Thai Bistro

DISASTER RELIEF GRANTS (IDA)

DATA POINT HIGHLIGHTS



62 TOTAL
BUSINESSES
SUPPORTED



\$328,000
TOTAL FUNDS
DISTRIBUTED



\$5,290
AVERAGE GRANT
AWARDED



\$6,763,940
TOTAL AMOUNT OF DAMAGES
SUSTAINED BY GRANTEES

Between August 31 and September 5, 2021,

Hurricane Ida's heavy winds and flooding swept through the Philadelphia region causing catastrophic damage and devastation. Among those impacted were the small businesses operating in areas along the banks of the Schuylkill River, many of which were still recovering from the severe economic hardships presented by the pandemic and/or the prior year's civil unrest.

The Merchants Fund quickly launched an emergency grant program—with major financial support from the City of Philadelphia Department of Commerce—to provide relief to businesses that suffered direct physical property damage and/or inventory losses as a result of Hurricane Ida.

Businesses in Manayunk, the neighborhood most impacted by flooding, were awarded 58% of total grants disbursed.



When our restaurants got hit by Hurricane Ida, the flooding completely destroyed our basement full of inventory and fixtures. On top of the hardships due to Covid, we were now also feeling weighed down by the impact of the hurricane and in total despair until TMF came to our rescue. With the grant funds, we were able to properly clean up, replenish our inventory, and get back on our feet again knowing that there are helping hands out there supporting us through the hardest of times

— **MOON KRAPUGTHONG, CHABAA THAI BISTRO & YANAKO**

4343 Main Street (Manayunk)



ADDITIONAL GRANT PROGRAMS

DATA POINT HIGHLIGHTS



27
TOTAL GRANTS
AWARDED



\$188,251
TOTAL FUNDS
DISTRIBUTED



"There are no words to describe just how grateful I am and how much I appreciate this grant. When my business initially had to close for 6 weeks due to sales dropping, we were scared and didn't know what to do. After receiving the great news from TMF that I was approved for a grant, my business was able to open back up. I am very thankful that there is an organization like TMF available for small businesses like mine."

— **MARIA CUERO, EL SABOR DE MARIA**
5132 N 5th Street (Olney-Oak Lane)



Emergency Grants

Emergency grants are provided to support businesses following an acute, unexpected situation that causes a major disruption to business, like a fire or public works failure (e.g. a water main break). In these cases, businesses are often uninsured, underinsured, and/or have large deductibles.

Special Group Grants

TMF occasionally makes grants to small groups of business owners who come together for a common purpose, for example, a grant to cover the cost of vendor fees for businesses to participate in a street festival. In 2021, TMF provided support to two such groups: food truck vendors in FDR Park, and—in collaboration with The Welcoming Center and Puentes de Salud—the fledgling Association of Mexican Business Owners of Philadelphia. Both represent the efforts of immigrant merchants working together to support each other and their common interests. At the time, none had received Covid relief funds from any other sources.

Discretionary Grants

Discretionary Grants are micro-grants that are made infrequently, often to past grantees who have a specific and time-sensitive need. These include grants made to participants in the Beyond the Grant cohorts in 2021.



BEYOND THE GRANT



After a devastating fire broke out in my clothing store, I lost everything from our building to our machines and inventory. To help us recover and stabilize the business, I not only received an emergency grant from TMF, but I also participated in their business and financial coaching program Beyond the Grant. Working with TMF has set both my business and I up for success, as my business' finances, website, and staffing are now in order and up to date. This program works!

— JAY PROSS, ART HISTORY 101
7045 Frankford Avenue (Mayfair)



TMF created Beyond the Grant

(BtG) to provide coaching and mentorship in a new way after recognizing that much of the technical assistance services available to small businesses were not meeting merchants' specific needs or challenges.

Rather than focus on traditional metrics like revenue growth, jobs created, or capital raised, BtG's approach is highly individualized and focuses on quality of life, as well as long-term goals and vision for both the merchant and their business. We ask questions, we listen, and we help design a realistic plan and path towards achieving established goals. Through high-touch, intensive, and primarily one-on-one engagements over the course of 6 to 12 months, BtG helps participants to solidify a strategic plan, provides the coaching and mentorship needed as they implement their plan, and builds a community among grantees through providing opportunities for peer-to-peer learning and support.

Two-thirds of TMF staff is comprised of current or former small business owners, including the BtG Program Manager. As such, we draw on personal experiences that facilitate relationships based on trust, mutual understanding, and empathy. Furthermore, we've developed partnerships with other trusted advisors—from attorneys and accountants to website designers and marketing professionals—who provide the expertise we lack.

The program has continued beyond the 2021 pilot with adjustments made to program delivery while TMF embarks on strategic planning. Given the demands on merchants' time, the cohort model has been eliminated for the time being. One-on-one coaching and support services remain responsive to specific needs ranging from challenges related to the ongoing impacts of the pandemic (e.g. supply chain, staffing shortages, inflation) to one-off needs related to a legal matter or issue with a city agency.



Coffee Cream and Dreams, 1500 Fairmount Avenue (Fairmount), photo by Chris Kendig

DATA POINT HIGHLIGHTS

TOTAL PARTICIPATING BUSINESSES

18 cohort members; 20 additional businesses received coaching or assistance

83% OF COHORT MEMBERS

rated Beyond the Grant 'significantly better' or 'better' than other technical assistance programs

LOOKING AHEAD

As of this writing, it is almost exactly two years to the day since the City of Philadelphia ordered a city-wide shutdown. While mask mandates have been lifted and many pre-pandemic activities have resumed, things are far from 'normal' and most of us don't expect life will ever look or feel the way it did prior to March of 2020. Indeed, we can't go back, and in many ways, we shouldn't want to.

By intentionally focusing on the ways in which our work can advance racial equity and dismantle oppressive systems, we've learned that an invitation-only grant process results in more dollars reaching merchants who are the most marginalized and typically have the least access to resources. Are there flaws with such a process? Without question. And we continue to interrogate the ways in which our intentions fall short and what more we can do to ensure our resources are distributed equitably.

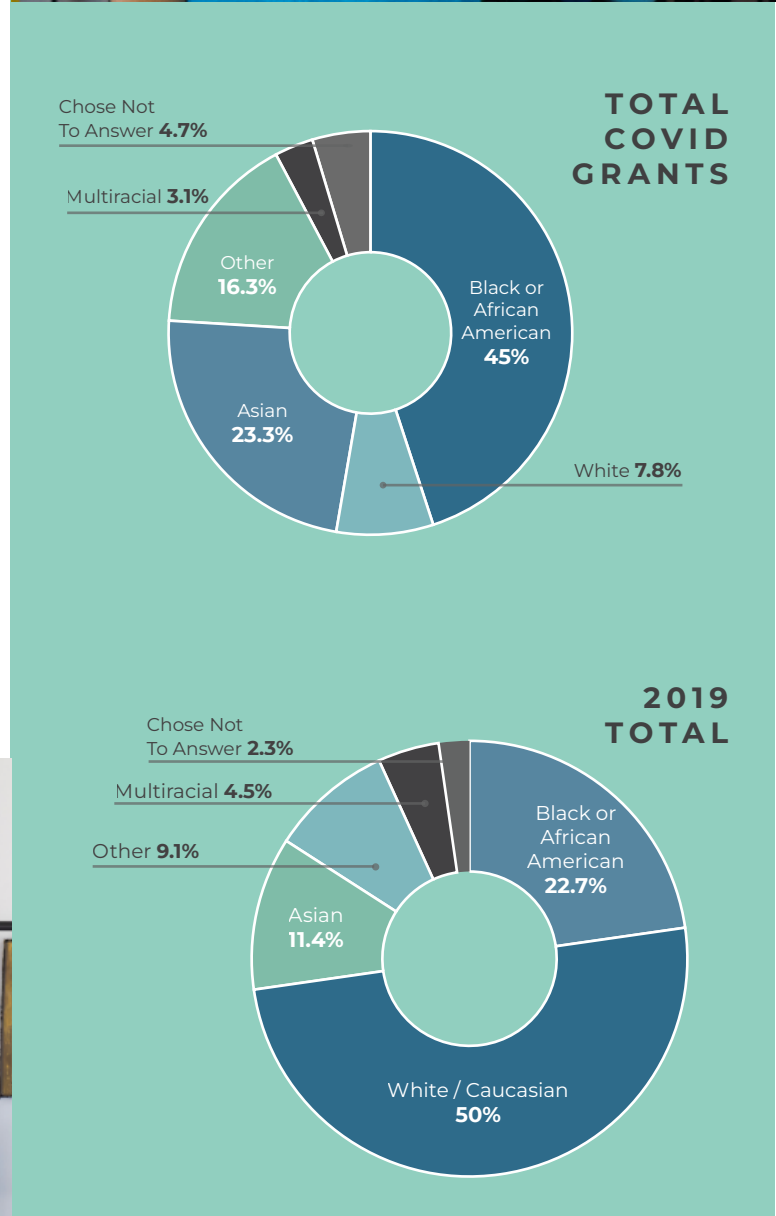
To that end, TMF is developing a strategic framework – informed by our stakeholders—that will identify how we further deploy our resources in ways that address systemic inequities and contribute to system-wide change, fill critical gaps in the small business ecosystem, and align our endowment with our mission and values.

While we plan for the future, we'll continue to be in action. In 2022, we will develop a participatory grantmaking program that seeks to shift power and decision-making directly to merchants themselves, particularly those of color, immigrants, and women. We hope other funders will join us in this effort.

Small businesses continue to be challenged by shifting consumer habits, fewer customers, labor shortages, supply chain disruptions, and rising inflation. While these challenges are not likely going to go away any time soon, TMF remains committed to serving as a partner and resource – financial and otherwise – to Philadelphia's small business community as we adapt to a new normal and work to create an environment that benefits all.



Soraya Bitaoui, 227 S. 7th Street (Lower Merion), photo by Chris Kendig



Beyond the Seams, 828 N. Broad Street (Francisville), photo by Chris Kendig



Merzbacher's of Germantown, 4530 Germantown Avenue

ABOUT THE MERCHANTS FUND

The Merchants Fund is a Philadelphia charity established in 1854 by merchants to provide charitable gifts to fellow merchants facing financial hardship, particularly indigent and retired merchants. Since 2007, TMF has accomplished this mission by providing small grants to small businesses—primarily BIPOC-, women-, and immigrant-owned businesses. From 2007 thru 2021, TMF granted \$8.25 million and distributed 938 grants, including \$2.4 million in grant funds administered on behalf of the Philadelphia Department of Commerce.

TMF

The
Merchants
Fund

APPENDIX

BREAKDOWN OF 2020 & 2021 GRANTS BY DISTRICT

CITY COUNCIL DISTRICTS	1	2	3	4	5	6	7	8	9	10
TOTAL AWARDS FUNDED	\$210,879	\$176,108	\$623,471	\$279,000	\$631,924	\$18,869	\$355,119	\$319,728	\$100,300	\$200
NUMBER OF BUSINESSES AWARDED	40	29	85	50	81	3	52	48	17	1



Centro Musical, 464 W Lehigh Ave (Fairhill), photo by Chris Kendig