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**ANNUAL AUDITED REPORT**

**FORM X-17A-5  
PART III**



FACING PAGE

SEC FILE NUMBER
8-27533

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Washington DC Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 409 03/01/15 AND ENDING 02/29/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Baron Capital, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

767 Fifth Avenue

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

New York

NY

10153

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ronald Baron

212-583-2000

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

EisnerAmper LLP

(Name - if individual, state last, first, middle name)

750 Third Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
MAY 3 2016  
DIVISION OF TRADING & MARKETS

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

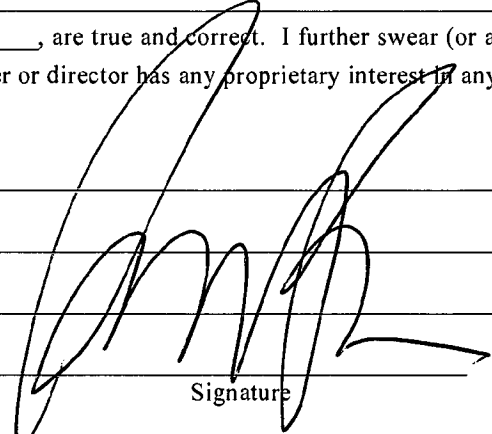
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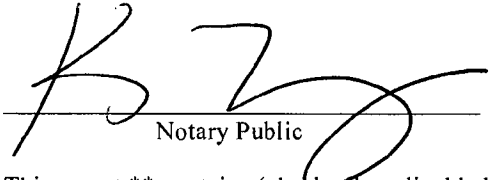
OATH OR AFFIRMATION

I, Ronald Baron, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Baron Capital, Inc., as of February 29, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

Chairman & CEO  
Title

  
Notary Public

**KRISTINE TREGLIA  
NOTARY PUBLIC STATE OF NEW YORK  
RICHMOND COUNTY  
LIC. 02TR6165392  
COMMISSION EXPIRES MAY 7, 2019**

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**BARON CAPITAL, INC.**  
(a wholly owned subsidiary of Baron Capital Group, Inc.)

**FINANCIAL STATEMENTS**

**FEBRUARY 29, 2016**



EisnerAmper LLP  
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New York, NY 10017-2703  
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## INDEPENDENT AUDITORS' REPORT

To the Stockholder and Board of Directors  
Baron Capital, Inc.

We have audited the accompanying statement of financial condition of Baron Capital, Inc. (the "Company") as of February 29, 2016. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Baron Capital, Inc. as of February 29, 2016, in conformity with accounting principles generally accepted in the United States of America.

*EisnerAmper LLP*

New York, New York  
April 27, 2016

**BARON CAPITAL, INC.**

**Statement of Financial Condition  
February 29, 2016**

**ASSETS**

Cash and cash equivalents	\$ 15,532,840
Other assets	<u>169,611</u>
	<u>\$ 15,702,451</u>

**LIABILITIES**

Due to affiliate	\$ 4,873,504
Accrued expenses and other liabilities	4,024,191
Current taxes payable	<u>187,416</u>

Commitments	<u>9,085,111</u>
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**STOCKHOLDER'S EQUITY**

Common stock - \$1.00 par value; 1,000 shares authorized, 100 shares issued and outstanding	100
Additional paid-in capital	3,100,065
Retained earnings	<u>3,517,175</u>
	<u>6,617,340</u>
	<u>\$ 15,702,451</u>

## **BARON CAPITAL, INC.**

### **Notes to Financial Statements February 29, 2016**

#### **NOTE A - THE COMPANY**

Baron Capital, Inc. (the "Company"), a wholly owned subsidiary of Baron Capital Group, Inc. (the "Parent"), is a registered limited purpose broker-dealer and the distributor of the shares of thirteen affiliated regulated investment companies operating pursuant to a distribution plan under Rule 12b-1 of the Investment Company Act of 1940.

The Company is a member of affiliated entities under common control from which it derives 100% of its revenue. The Company shares office, administrative and occupancy expenses with its Parent and two affiliated corporations, BAMCO, Inc. ("BAMCO") and Baron Capital Management, Inc. ("BCM"). BAMCO and BCM are registered investment advisers under the Investment Advisers Act of 1940. The Company recognizes its share of such expenses based on a pro-rata allocation of these costs. These expenses are apportioned by a formula determined by management. The expenses and the operating results may not be indicative of what the results of operations would have been if the Company were a stand-alone entity and these differences could be material. The amount due to affiliate as of February 29, 2016 represents an intercompany payable. BAMCO is the lessee for the office space shared by the Company and its affiliates subject to lease agreements expiring on May 31, 2035.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Cash and cash equivalents:**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

##### **[2] Revenue recognition:**

The Company receives distribution fees from affiliated regulated investment companies that are calculated as a percentage of daily average net assets and are paid on a monthly basis. The Company recognizes this revenue in the period earned.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **NOTE C - INCOME TAXES**

The Company is subject to federal, state and local taxes. At February 29, 2016, the Company had no deferred tax assets or liabilities.

The Company's results from operations are included in the Parent's federal, state and local tax returns, which are filed on a consolidated basis in most jurisdictions. It is the Parent's policy to allocate a provision for income taxes to the Company based on the tax that would have been determined on a separate tax return basis. BAMCO paid most of the income taxes for the benefit of the Company and the payments are included in the intercompany payable. New York State is currently examining the consolidated tax returns for years ended February 28, 2009, February 28, 2010 and February 28, 2011.

## **BARON CAPITAL, INC.**

### **NOTE D - CONCENTRATION OF CREDIT RISK**

Included in accrued expenses and other liabilities are \$3,950,000 of distribution fees due to various brokers, dealers or other financial intermediaries.

### **NOTE E - PROFIT-SHARING PLAN**

The Company maintains a defined contribution profit-sharing plan (the "Plan"). BCM and BAMCO also participate in the Plan. The expense is allocated to the Company by a formula determined by management. The Plan provides for profit-sharing and safe harbor contributions. All employees who have completed one thousand hours of service within the Plan year, are employed by the Company on the last day of the Plan year and have attained 21 years of age are eligible to participate in the profit-sharing contribution. The profit-sharing contribution percentage is determined at the discretion of senior management. In addition, all employees are eligible for a 3% safe harbor contribution. Plan contributions are based on the compensation of the participants and are fully vested. For the year ended February 29, 2016, the Company's pro rata allocation to the Plan was \$455,297. This amount is included in employee compensation and benefits in the statement of operations.

### **NOTE F - NET CAPITAL**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At February 29, 2016, the Company had net capital of \$6,447,729, which is \$5,842,055 in excess of its required net capital of \$605,674. The Company's ratio of aggregate indebtedness to net capital was 1.41 to 1.

The Company is exempt from the provisions of Rule 15c3-3 per paragraph (k)(1).

### **NOTE G - RELATED PARTY TRANSACTIONS**

The Company acts as the distributor of the shares of thirteen affiliated regulated investment companies. Pursuant to Rule 12b-1 of the Investment Company Act of 1940, the Company received distribution fees of \$29,143,292, which partially offset \$67,832,503 of direct and allocated mutual fund selling expenses.

BAMCO reimbursed the Company \$45,445,000 for the excess selling expenses and other general, administrative and occupancy expenses of the Company.