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First Federal of Northern Michigan Bancorp, Inc.
Form 8-K
March 25, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 19, 2008

FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Maryland ----- (State or Other Jurisdiction of Incorporation)	0-31957 ----- (Commission File Number)	38-0135202 ----- (I.R.S. Employer Identification No.)
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100 S. Second Ave., Alpena, Michigan 49707

(Address of principal executive offices)
(989) 356-9041

Registrant's telephone number, including area code

Not Applicable

(Former Name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related

 Audit Report or Completed Interim Review

(a) On March 19, 2008, the Audit Committee of the Board of Directors of First Federal of Northern Michigan Bancorp, Inc. (the "Company") determined that the interim financial statements at and for the three months ended March 31, 2007, at and for the three and six months ended June 30, 2007, and at and for the three and nine months ended September 30, 2007, as included in the Company's Quarterly Reports on Form 10-QSB for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007, respectively, should no longer be relied upon because of an error in such financial statements related to the Company's adoption in April 2007 of Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Liabilities" ("SFAS No. 159"). The Company has determined to restate such financial statements to reverse the adoption of SFAS 159.

The Company expects to file on March 26, 2008 amendments to its Quarterly Reports on Form 10-QSB for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007, which amendments will reflect such restatements. Details concerning such restatements, including a reconciliation of previously reported financial statements and the financial statements, as restated, will be contained in such amendments.

As a result of such restatements, the Company's net income (1) for the three months ended March 31, 2007 was adjusted from \$24,000 to \$22,000; (2) for the six months ended June 30, 2007 was adjusted from \$165,000 to a net loss of \$215,000; and (3) for the nine months ended September 30, 2007 was adjusted from \$67,000 to a net loss of \$239,000. Also as a result of such restatements, the Company's total stockholders' equity (1) at March 31, 2007 was adjusted from \$34.9 million to \$35.1 million; (2) at June 30, 2007 was adjusted from \$33.9 million to \$33.8 million; and (3) at September 30, 2007 was unchanged.

In addition, the following tables summarize the effect of the restatement adjustments on the Company's consolidated financial statements as of and for the periods indicated:

Consolidated Balance Sheet (unaudited)

As of March 31

(Dollars in thousands)

	As Reported	Adjust
Securities AFS	\$ 34,234	\$
Securities at fair value	4,756	
FHLB Advances and Note Payable	50,592	
Borrowings at fair value	10,338	
Accrued expenses and other liabilities	2,705	
Total liabilities	236,987	
Retained earnings, restricted	14,147	
Accumulated other comprehensive loss	(123)	
Total stockholders' equity	34,881	

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Consolidated Statement of Income (unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended M	
	As Reported	Adjust
Interest and dividends on investments	\$ 510	\$
Interest on mortgage-backed securities	47	
Total interest income	4,143	
Net interest income	1,909	
Net interest income after provision for loan loss	1,823	
Net loss on trading activities	(10)	
Income before income tax expense	12	
income tax (benefit) expense	(12)	
Net income	24	
Basic earnings per share	0.01	
Diluted earnings per share	0.01	

Consolidated Statement of Cash Flows (unaudited)

(Dollars in thousands)

	Three Months Ended M	
	As Reported	Adjust
Cash flows from operating activities:		
Net income	\$ 24	\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in other assets	(86)	
Change in accrued expenses and other liabilities	500	

Consolidated Balance Sheet (unaudited)

(Dollars in thousands)

	As of	
	As Reported	
FHLB Advances and Note Payable	\$ 48,688	\$
Borrowings at fair value	9,889	
Accrued expenses and other liabilities	1,794	
Total liabilities	230,236	
Retained earnings, restricted	14,144	
Total stockholders' equity	33,882	

Consolidated Statement of Income (unaudited)

(Dollars in thousands, except per share amounts)

	Three Months	
	As Reported	
Interest and dividends on investments	\$ 437	\$
Interest on mortgage-backed securities	22	
Total interest income	4,060	

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Net interest income	1,945
Net interest income after provision for loan loss	1,832
Gain (loss) on sale of AFS securities	0
Net gain (loss) on trading activities	176
Total other income	1,156
Other expense	328
Total other expenses	2,811
Income before income tax expense	177
Income tax (benefit) expense	35
Net income	142
Basic earnings per share	0.05
Diluted earnings per share	0.05

Consolidated Statement of Income (unaudited)

Six Months

(Dollars in thousands, except per share amounts)

As Reported

Interest and dividends on investments	\$	946		\$
Interest on mortgage-backed securities		69		
Total interest income		8,203		
Net interest income		3,854		
Net interest income after provision for loan loss		3,655		
Gain (loss) on sale of AFS securities		0		
Net gain (loss) on trading activities		167		
Total other income		2,134		
Other expense		613		
Total other expenses		5,601		
Income before income tax expense		189		
Income tax (benefit) expense		23		
Net income		165		
Basic earnings per share		0.06		
Diluted earnings per share		0.06		

Consolidated Statement of Cash Flows (unaudited)

Six Months

(Dollars in thousands)

As Reported

Cash flows from operating activities:				
Net income	\$	165		\$
Adjustments to reconcile net income to net cash provided by operating activities:				
Net loss (gain) from trading activities		(167)		
Gain on sale of securities		0		
Change in other assets		321		
Change in accrued expenses and other liabilities		(567)		
Net cash provided by operating activities		882		
Cash flows from investing activities:				
Repayments of FHLB advances and notes payable		(30,146)		
Net cash provided by (used in) financing activities		(16,531)		

Consolidated Balance Sheet (unaudited)

As of September

(Dollars in thousands)

As Reported

Adjustmen

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Accrued expenses and other liabilities	\$	1,945	\$
Total liabilities		228,696	
Retained earnings		13,901	
Total stockholders' equity		33,827	

Consolidated Statement of Income (unaudited)

Three Months Ended Sep

(Dollars in thousands, except per share amounts)

	As Reported	Adjustmen
Net gain (loss) on trading activities	\$ (282)	\$
Total other income	740	
Other expense	336	
Total other expenses	2,853	
Income before income tax expense	(184)	
Income tax (benefit) expense	(86)	
Net income	(99)	
Basic earnings per share	(0.03)	
Diluted earnings per share	(0.03)	

Consolidated Statement of Income (unaudited)

Nine Months Ended Sept

(Dollars in thousands, except per share amounts)

	As Reported	Adjustmen
Interest and dividends on investments	\$ 1,363	\$
Interest on mortgage-backed securities	83	
Total interest income	12,343	
Net interest income	5,894	
Net interest income after provision for loan loss	5,584	
Gain (loss) on sale of AFS securities	0	
Net gain (loss) on trading activities	(116)	
Total other income	2,874	
Other expense	949	
Total other expenses	8,454	
Income before income tax expense	4	
Income tax (benefit) expense	(63)	
Net income	67	
Basic earnings per share	0.02	(
Diluted earnings per share	0.02	(

Consolidated Statement of Cash Flows (unaudited)

Nine Months Ended Sept

(Dollars in thousands)

	As Reported	Adjustmen
Cash flows from operating activities:		
Net income	\$ 67	\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Net loss (gain) from trading activities	116	

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Loss on sale of securities	0
Change in other assets	163
Change in accrued expenses and other liabilities	(416)
Net cash provided by operating activities	1,477
Cash flows from investing activities:	
Repayments of FHLB advances and notes payable	(36,938)
Net cash provided by (used in) financing activities	(18,628)

The Audit Committee has discussed with the Company's independent registered public accounting firm the matters disclosed in this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Businesses Acquired: None
- (b) Pro Forma Financial Information: None
- (c) Shell company transactions: None
- (d) Exhibits: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST FEDERAL OF NORTHERN MICHIGAN
BANCORP, INC.

Date: March 25, 2008

By: /s/ Michael W. Mahler

Michael W. Mahler
President and Chief Operating Officer
(Duly Authorized Representative)